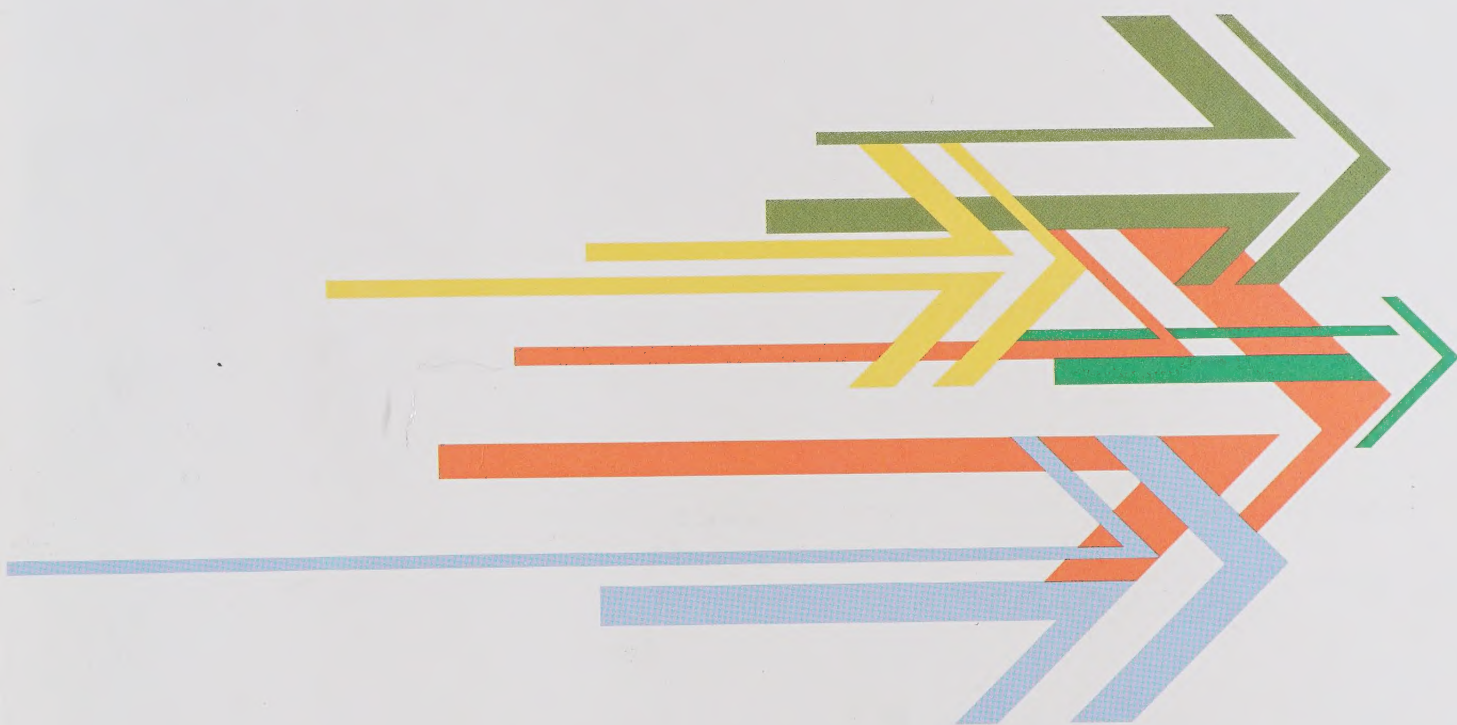




# Canadian Industries Limited Annual Report 1972



# Consolidated Financial Highlights

	1972	1971
Sales	<b>\$324,547,000</b>	\$349,171,000
Income before taxes	<b>22,209,000</b>	21,484,000
Net income before extraordinary items	<b>10,532,000</b>	9,458,000
Extraordinary items – Net gain	<b>40,000</b>	6,992,000
Working Capital at December 31	<b>110,561,000</b>	87,015,000
Capital Expenditures (including expenditures for acquiring new subsidiaries and associated companies)	<b>14,043,000</b>	18,685,000
Common shares outstanding at December 31	<b>9,794,161</b>	9,794,161
Earnings a common share before extraordinary items	<b>\$1.06</b>	\$0.95
Dividends a common share	<b>\$0.60</b>	\$0.60
Number of Shareholders at 31st December		
Common	<b>6,284</b>	7,235
Preferred	<b>581</b>	604

# Board of Directors

# Officers

**Alistair M. Campbell**  
Chairman, Sun Life Assurance  
Company of Canada, Montreal

**Roger DeSerres**  
President, Omer DeSerres Ltée.,  
Montreal

**W. B. M. Duncan, C.B.E.**  
Director, Imperial Chemical  
Industries Limited, London,  
England, and Chairman of the  
Board, ICI America Inc.,  
Wilmington, Delaware, and  
ICI North America Limited,  
New York, N.Y.

**E. J. Goett**  
President and Chief Executive  
Officer, ICI America Inc.,  
Wilmington, Delaware, and  
ICI North America Limited,  
New York, N.Y.

**A. G. S. Griffin**  
Chairman of the Board,  
Triarch Corporation Limited,  
Toronto

**E. L. Hamilton**  
President, Canadian Industries  
Limited, Montreal

**Leonard Hynes**  
Chairman, Canadian Industries  
Limited, Montreal

**W. J. Mandry**  
Executive Vice-President,  
Canadian Industries Limited,  
Montreal

**Hon. H. deM. Molson, O.B.E.**  
Chairman, Molson Industries  
Limited, Montreal

**Hon. James Sinclair, P.C.**  
Deputy Chairman, Canada  
Cement Lafarge Ltd.,  
Vancouver

**J. A. Stewart**  
Senior Vice-President,  
ICI North America Limited,  
New York, N.Y.

**G. F. Whitby, O.B.E.**  
Director, Imperial Chemical  
Industries Limited, London,  
England

**Chairman of the Board**  
Leonard Hynes

**President**  
E. L. Hamilton

**Executive Vice-President**  
W. J. Mandry

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D. I. W. Braide  
P. A. G. Cameron  
H. G. Campbell  
D. M. Coyle  
C. H. Hantho  
D. S. Kirkbride

**Secretary**  
L. A. Wheable

**Treasurer**  
L. A. Wheable

**Controller**  
L. H. Chant

**Assistant Secretary**  
A. F. M. Biggs

**Assistant Treasurers**  
M. C. Fitzsimmons  
C. McLaughlin

**Registrar, Transfer Agent  
and Dividend Disbursing  
Agent**  
National Trust Company  
Limited, Montreal, Toronto,  
Calgary, Vancouver

**Stock Exchange Listings**  
Montreal, Toronto, Vancouver

**Registrar and Transfer  
Agent for Debentures**  
The Royal Trust Company,  
Montreal, Toronto, Winnipeg,  
Vancouver

**Auditors**  
Touche Ross & Co.

**Canadian Industries Limited**  
CIL House  
630 Dorchester Boulevard West  
Montreal 101, Quebec

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# To the Shareholders



Leonard Hynes



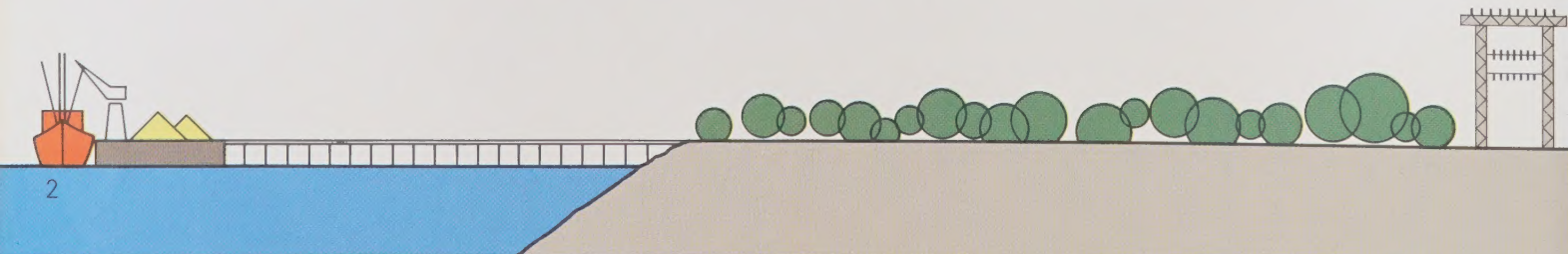
E. L. Hamilton

In 1972 CIL's net income was 11% higher than in the preceding year and earnings per common share were \$1.06, compared with \$0.95 in 1971. These results are encouraging because the improvement in general business conditions occurring in Canada last year was not fully evident in some of the major markets served by CIL. In particular, sales of products, equipment and services to the mining industry were affected by relatively low levels of production in important sectors of that industry.

We are especially pleased to report that the favourable financial results in 1972 were accompanied by a marked improvement in CIL's safety record. All employees are to be congratulated for their concerted efforts towards this achievement. One of our important objectives is to continue this trend in the Company's safety performance.

The entry of the United Kingdom into the European Economic Community emphasized the degree to which Canadian industry must compete, both at home and abroad, with three major industrial areas, Europe, the United States and Japan, each supported by developed economies based on populations many times larger than ours. Industry in Canada now has few special arrangements open to it in selling into these markets.

Recognizing these trends some years ago, CIL's planning was directed towards the development of strategies designed to concentrate the Company's efforts in sectors which have advantages specific to the Canadian market or which are viable on a world scale in today's environment. Businesses that serve or are otherwise linked to natural resources are an example of undertakings which are most likely to be competitive in this sense. CIL's planning has accordingly placed



CIL's chloralkali plant to be built at Bécancour, Que., will supply a growing market in eastern Canada.

emphasis on increasing the range of products and services for the resource industries and de-emphasizing businesses which, in its view, do not have the necessary strengths in the Canadian environment.

In applying this basic approach, the Company has followed a four-fold strategy of diversification into new business areas, of strengthening other existing interests, of disposing of activities not in areas of primary interest to CIL, and of restructuring the organization to fit more closely the resulting corporate needs. It takes considerable time to alter the impetus of a large enterprise such as CIL and it is perhaps useful at this point to review our progress towards these goals.

During the last three years over \$18 million has been invested in new businesses with special emphasis on those that serve resource industries. In addition, good progress has been made in marketing chemical technology and pollution abatement services. These areas accounted for annual sales of over \$25 million in 1972.

A significant strengthening of CIL's position in the production of chemicals important to the Canadian economy will result from the construction of a \$30 million chloralkali plant at Bécancour, Quebec. The products of this plant will supply the growing demand for caustic soda and chlorine in eastern Canada. It will employ the latest process technology and will meet stringent safety and pollution abatement standards.

The improvement of operating effectiveness is a continuing task and the Company is making good progress in a fundamental review of its operating techniques and efficiencies and its supporting services. Often this process involves the replacement of obsolescent plants and this year modern facilities are being constructed to replace existing plants for the production of paints and pesticides. Another example is the restructuring of research activities to relate them more closely to those businesses that offer the best opportunities for the application of research.


The divestment of businesses which no longer fit within CIL's plans was illustrated by the sale of our majority holding in Millhaven Fibres Limited in 1971. That action was followed last year by the sale of a portion of the plastics packaging business which did not meet our objectives.

Looking to the year ahead, there are a number of favourable signs for CIL. A continued advance in the Canadian economy is predicted, and business conditions are improving in major industries served by the Company. The recovery in the pulp and paper industry and the improvement in agriculture, evident in 1972, should continue, while firmer metal markets should accelerate mining and exploration activities.

On behalf of the Board  
of Directors

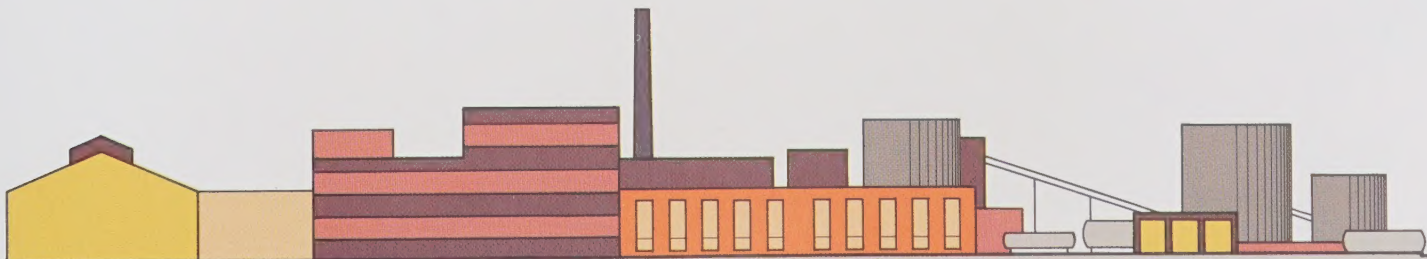


Leonard Hynes  
Chairman



E. L. Hamilton  
President

Montreal, Quebec,  
March 16, 1973





- Head Office
- Research and Development Laboratories
- △ Sales and Technical Service Offices
- Warehouses
- Plant Locations





## Industrial and Agricultural Chemicals

### Industrial Chemicals

#### Investing in New Plants

Sales of industrial chemicals in 1972 were well ahead of 1971. Output in the pulp and paper industry improved considerably during the year and, with the exception of some sectors of metal mining, other industrial markets were buoyant. Consequently, many of the manufacturing plants operated at or near capacity and output was supplemented by the purchase and resale of additional products.

At the Hamilton site, which was sold in 1969, the phase-out of operations is proceeding on plan and approximately one-half of the site was released at the end of 1972. An oleum plant, to replace capacity at Hamilton, is under construction at Copper Cliff with start-up scheduled for early 1973.

Work will start soon on a large-scale chloralkali plant at Bécancour, Quebec, to supply expanding eastern Canadian markets. The latest technology available will be employed in the design of this plant to provide maximum production efficiency and to meet the highest safety and pollution abatement standards. In addition a moderate expansion of chloralkali capacity at Cornwall, Ontario, is in progress.

A small plant is now in operation at Faro, Yukon Territory, for the production of copper sulphate solution to serve a major lead-zinc mine at that location.

In November, Chemetics International Ltd. signed a contract for the sale of engineering services for five chemical plants being installed by Sono-Hemijski Kombinat "Soda-So" in Yugoslavia. The Canadian Export Development Corporation assisted in financing the project by providing a loan to the Yugoslavian company. The sale of stainless steel sulphuric acid coolers by Chemetics is accelerating and further growth is forecast.

Sales of Alchem Limited products showed a substantial growth over the preceding year and manufacturing facilities are being expanded. Canadian Hanson Limited benefited from a high level of demand for nickel-plating equipment and materials. Its business was considerably better than in 1971.

Cornwall Chemicals Limited, an associated company managed by CIL, had a much improved year with particular gains in export markets. This company is building a sulphur grinding plant at Calgary to supply markets in the rubber and explosives industries.



Chemetics International Ltd., CIL subsidiary, markets several types of chemical plants and processes internationally. The above photo was taken at the official opening of one such plant in Malaysia showing the Prime Minister, Tun Abdul Razak, far right, meeting Chemetics personnel.



## **Industrial and Agricultural Chemicals**

### **Agricultural Chemicals**

#### **Improved Markets and Productivity**

Fertilizer operations were significantly better because of improved prices and more effective operation of the business. The Company's principal fertilizer manufacturing plant near Sarnia, Ontario, is one of the most efficient fertilizer production units in North America. Record production of ammonia and other products was achieved at this site with all units exceeding design capacity.

Supply and demand for fertilizers are gradually coming into balance and further improvement in this business is forecast for 1973 as North American and world demands have resulted in better prices for farm products and increased use of fertilizers.

The pesticide business of Chipman Chemicals Limited increased substantially over the previous year. Construction of a manufacturing plant and warehouse near Hamilton, Ontario, will be completed in late 1973 replacing facilities being phased out.

### **Environmental Improvement**

#### **New Business Opportunities**

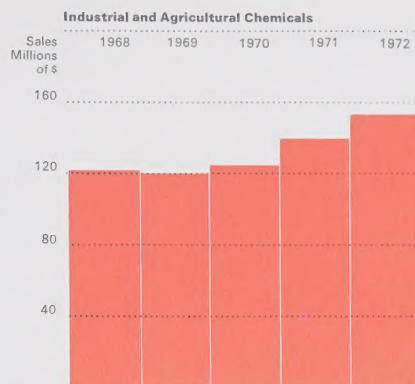
Increased public concern over the need to obtain better control of air, water and noise pollution is giving rise to many business opportunities in Canada and other countries. A separate business unit was organized by CIL last year to coordinate the wide range of pollution abatement and allied activities undertaken in various parts of the Company. The Company is selecting areas of this business where its strengths and expertise will enable it to make a specific contribution and where profitable business growth can be foreseen. This approach is important in a field which is attracting many competitors.

The Goodfellow group of companies, expanding from its original liquid waste disposal facility in Sarnia, started up a similar unit near Montreal during the year and a third plant near Toronto was completed at the year end.

Chemetics International Ltd. steadily increased its pollution control business activities in 1972. A number of engineering contracts for the design of facilities for municipal and industrial customers are in progress in Canada and the United States.

Eco-Research Ltd. of Pointe Claire, Quebec, an associated company specializing in environmental survey work, expanded its operations during the year and opened an office and laboratory in Toronto.

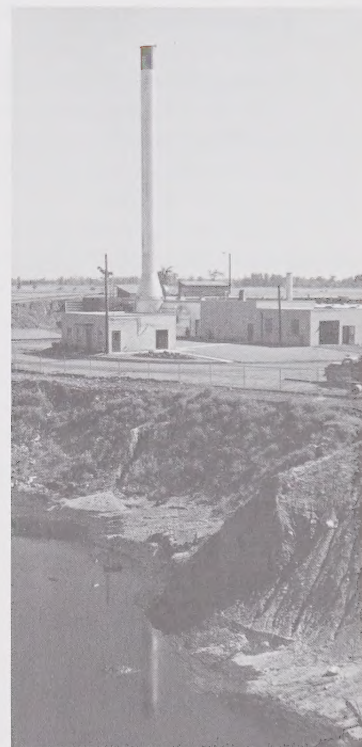




## Industrial and Agricultural Chemicals

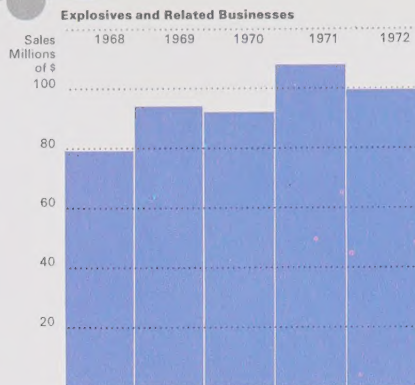


Photographed in the Montreal laboratories of Eco-Research Limited, these fish are being used to evaluate the effects of waste-water on marine life. This associated company carries out on-site air monitoring programs, meteorological studies, stack sampling and studies of toxicity of effluents.



The 125-foot steel stack of Quebec's first liquid waste disposal plant is mirrored in nearby ponds of accumulated wastes which had threatened the water table of the area. The destruction of these wastes is the first job being undertaken by the plant, newly-constructed by CIL's subsidiary, Good-fellow Combustion (Quebec) Inc.





## Explosives and Related Businesses

### Explosives

#### Research and Better Products

Sales of commercial explosives reached a record level in 1972. Increased business in construction and other markets more than offset the effects of a lengthy strike in the Quebec/Labrador iron mines and a slackening in certain sectors of base metal mining.

In western Canada sales of Continental Explosives Limited benefited from higher activity in the logging and construction industries. West African Explosives and Chemicals Limited, located in Liberia, achieved further growth in both its domestic and export markets.

CIL is emphasizing a strong research and technical development program to improve explosives products, and is expanding facilities to meet changing market demands. The cap-sensitive slurry explosive, "Powermex", initially marketed in small diameter packages late in 1971, was introduced successfully last year for bulk loading underground. In addition, a family of small diameter slurries with an improved sensitizing agent is now being marketed after two years of intensive development in CIL's research laboratories. Modern manufacturing facilities for slurry products were placed in operation during the year to meet growing demand, particularly in British Columbia, and significant expansions of this capacity will be undertaken in 1973. An improved system for the use of explosives energy in seismic exploration also was introduced to the Canadian market.



CIL's new explosive "Powergel", together with its unique high pressure pumping system, both developed by CIL, is attracting wide attention in the mining and construction industries. This product is a member of the new "Powermex" family of slurried explosives for small diameter holes, and is being used in the above photo for bulk loading underground.

### Mining Services

#### A Difficult Year

Curtailment of mining development programs resulted in a reduced demand for underground mining equipment sold by Jarvis Clark Company Limited but efficient cost control measures minimized the effect on results. This company is now in a good position to capitalize on the upturn in business which was already becoming apparent by the year end.

Sales of McPhar Geophysics Limited were down owing to the continued low level of mining exploration. Technical effort has been intensified, several advanced instruments have been developed, and a successful entry has been made into surveying for geothermal stream.

### Sporting Arms and Ammunition

#### Sales and Productivity Up

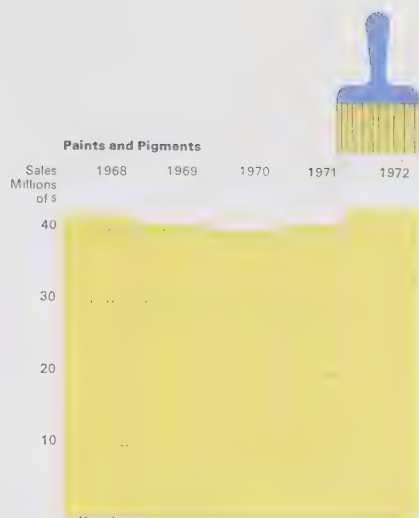
A significant improvement in the volume of sales of sporting arms and ammunition was achieved in 1972. A substantial part of this increase was attributable to export business. Cost savings due to improved plant efficiencies were unfortunately offset by increasing raw material costs which could not be recovered through higher selling prices.



As throughout the past 100 years, the Company's explosives products continue to play an important role in the development of Canada's natural resources. A current project, now in its third year of construction, is looping of the Trans-Canada Gas

Pipeline, longest gas system in Canada. Explosives are used to build the right-of-way and to excavate the trench. The above photo was taken in Northern Ontario.





## Paints and Pigments

### Paints

#### Improved Effectiveness

Most sectors of the market were stronger during the year and overall paint sales showed a moderate increase. Operating performance strengthened appreciably with improved productivity throughout the business and more economic production at the Vaughan Centre decorative paints plant.

The subsidiary company in Jamaica also achieved an improvement in sales and productivity, while sales of Bapco Paint Ltd. were above 1971.

A manufacturing and distribution centre will be constructed by Bapco at Newton, British Columbia, about 20 miles southeast of Vancouver. This centre, which is scheduled to be in operation by the end of 1973, will provide the base necessary for the expansion of this company's business in western markets. The obsolete plant at Victoria will be closed and CIL's real estate subsidiary is planning the redevelopment of the site.

## Other Products and Services

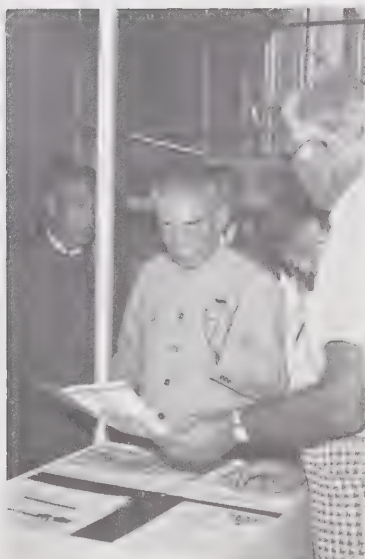
### Plastics

#### A Better Business

Early in 1972, the films and packaging business was reorganized and sections of the business not meeting CIL's objectives were sold, including all manufacturing facilities at Montreal, Winnipeg and New Westminster. Performance of the restructured business was substantially better than in the previous year.

Sales of film showed a good gain. At Edmonton the large film extrusion line, which started up at the end of 1971, operated at high rates, producing film for construction, agricultural and industrial uses. During the year the Company successfully developed and introduced a unique multi-ply shipping sack and a new style of garbage bag. Additional manufacturing capacity for both of these products is being installed.

Sales of polyethylene resin were moderately higher than in the previous year, reflecting a higher proportion of premium grades and generally firmer prices.



To explore the potential for future business, CIL and two subsidiary companies participated in the Canadian Government's trade exposition at Peking, the People's Republic of China, in August. Above, Premier Chou En-lai is shown as he visited CIL's booth.



Toughness, stacking stability and a water-tight valve design make CIL's new Multi-Ply valve bag well-suited for the packaging and shipping of granular and powdered products. Two plies of film provide extra strength and protection.



#### Other Products and Services

#### Property Development

CIL's property subsidiary, established in 1969, has acquired several of CIL's properties which are no longer appropriate for industrial use but which have attractive development potential. Experienced management of this company has been assured by the engagement of qualified staff and by the sale of a 20% interest to ICI Pension Funds Securities Ltd. which has extensive real estate interests throughout the world.

The main financial impact of this subsidiary will be in the future but planning is well advanced and several projects are currently in progress.

A four-storey office building will be built in Vancouver in 1973 and a 50% interest has been acquired in Burnside Development Co. Limited of Halifax. Burnside owns and manages a number of warehouse operations and has an office building nearing completion. Development plans are under discussion with the City of Victoria for a project to utilize property which will be vacated by Bapco Paint Ltd. at the end of 1973. In addition, plans are being prepared for the development of an industrial park on the outskirts of Edmonton.

#### Management Information

A high level of capability is required in the rapidly developing field of information technology to meet the complex needs of the Company's many businesses. Many of CIL's basic accounting and clerical functions have been computerized. While this fundamental work continues, skills acquired are being directed more and more towards the task of providing managers with the information needed for day-to-day decisions and long-term business planning. These activities required an expansion in computing capability and a modern large-scale computer was installed in Montreal in 1972 replacing two smaller units.

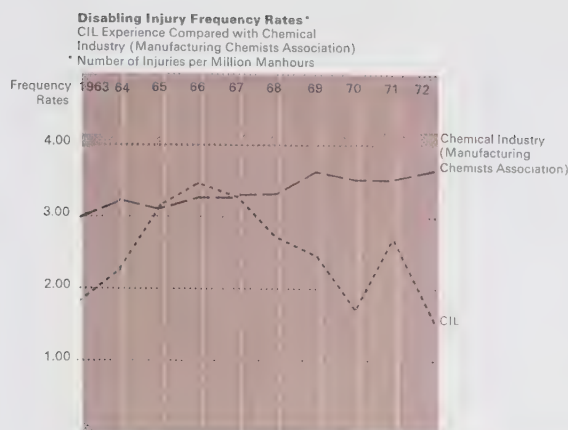


In CIL's computer room, human and mechanical resources are combined to meet management information needs.



Staff of CIL's property development subsidiary are studying plans for the redevelopment of the Bapco plant site at Laurel Point, Victoria, B.C.





## Employees Directors

### Employees

A study in depth of the Company's safety practices and performance was carried out. Recommendations for improved standards and programs to achieve them were put into effect.

A concentrated effort on the part of all employees led to a 48% reduction in the number of disabling injuries in 1972 compared with the previous year. This performance is encouraging and objectives have been set for further improvement in the years ahead.

Greater emphasis is now being directed towards ways of improving off-the-job safety performance. For example, CIL has strongly urged employees and their families to take a defensive driving course being presented by Company instructors across the country.

In recognition of the importance of the Company's human resources, more attention is being given to activities designed to help employees adapt to changing job requirements and develop their potential for meeting both personal and corporate objectives.

The Pension Plan was amended to relate benefits more closely to inflating wage levels, and disability pay arrangements were modified to take account of changes in government programs.

The number of employees in CIL and subsidiary companies at the year end was 8,400, a decrease of 2% from 1971.

### Directors

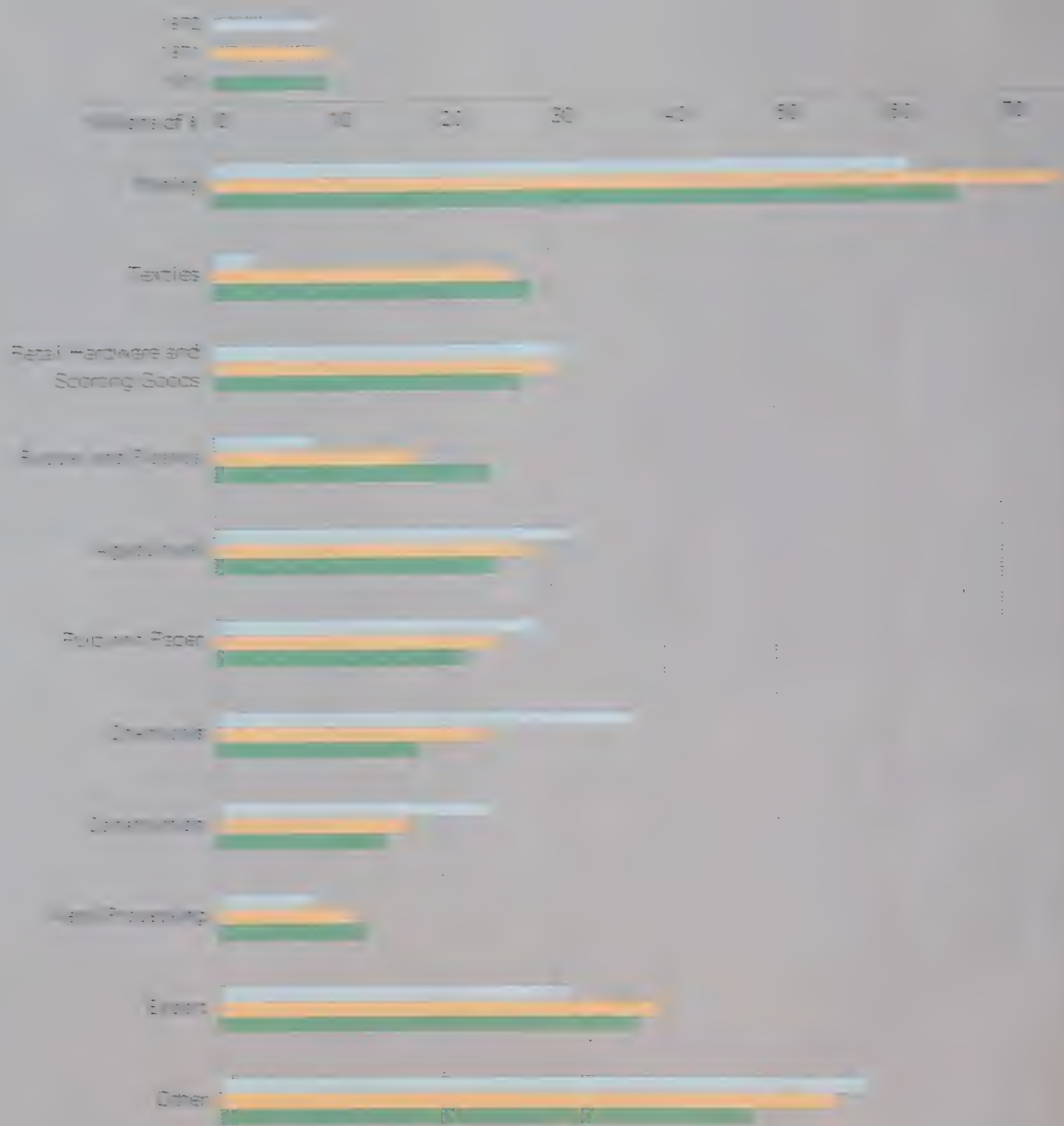
Sir Peter Menzies and Mr. John D. Rose, having retired from Imperial Chemical Industries Limited, did not stand for reelection at the Annual General Meeting held in April 1972. Mr. Edward J. Goett, President, ICI America Inc. and ICI North America Limited, and Mr. James A. Stewart, Senior Vice-President, ICI North America Limited, were elected Directors at that meeting.

An Audit Committee of the Board was established in April 1972 consisting of Messrs. Alistair M. Campbell, A. G. S. Griffin and E. L. Hamilton.



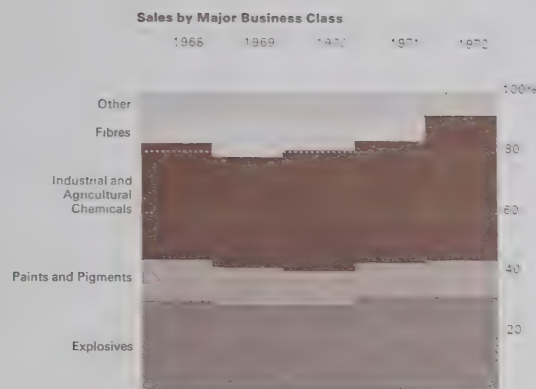
Concern for off-the-job safety prompted CIL to make available to employees and their families, company-wide, a Canada Safety Council defensive driving course, given by CIL instructors.

# Sales by Industry





# Financial Review



Total sales of the Company and its subsidiaries in 1972 were \$324,547,000, a gain of \$7,564,000 over the previous year, excluding sales of Millhaven Fibres Limited, a subsidiary company sold in the fourth quarter of 1971. Net income before extraordinary items was \$10,532,000 or \$1.06 a common share, an increase of 11.4% compared with 1971 income of \$9,458,000 or \$0.95 a common share, which included earnings of Millhaven Fibres for the first nine months of the year. Sales and profit growth were achieved by most business segments with agricultural chemicals and paints recording significant improvements. However, the overall Company results were adversely affected during much of the year because of reduced demand by certain sectors of the base metal mining industry.

During the year an appeal by the Company against a Federal income tax assessment in respect of the 1965 taxation year was upheld by the Tax Review Board and a refund of taxes previously paid, amounting to \$3,080,000, was obtained.

Depreciation continued to be provided on plant buildings and equipment at straight-line rates, designed to write off the cost of each plant or facility during its estimated economic life. The provision for depreciation of \$17,609,000 was \$1,115,000 above the previous year after eliminating the depreciation in 1971 attributable to Millhaven Fibres.

Capital expenditures totalled \$12,926,000, a decrease of \$3,879,000 from 1971. There were major outlays on pollution abatement facilities amounting to \$2,900,000, additional "Agromart" farm service centres, on-site explosives plants and an upgrading of sulphuric acid facilities. The unexpended balance on approved projects at the end of 1972 amounted to \$43,000,000.

Early in 1972 the Company acquired a 50% interest in Eco-Research Ltd., involved in environmental survey work, and the Company's property development subsidiary acquired a 50% interest in Burnside Development Co. Limited, a real estate operation based in Halifax. A 20% interest in the property development subsidiary was sold during 1972 to ICI Pension Funds Securities Ltd.

A further purchase of \$2,392,000 of 3¼% debentures due in 1974 was made during the year. Purchases of these debentures now exceed sinking fund requirements.

The regular dividends on the 7½% preferred stock were paid quarterly and dividends on the common stock at \$0.60 a share were unchanged from 1971.

# Consolidated Statement of Income and Retained Earnings

for the year ended December 31, 1972  
(with comparative figures for 1971)

	1972	1971
<b>Sales</b>	<b>\$324,547,000</b>	\$349,171,000
Income from investments	<b>1,975,000</b>	1,415,000
	<b>326,522,000</b>	350,586,000
<b>Cost and Expenses :</b>		
Operating costs excluding depreciation	<b>283,340,000</b>	305,127,000
Provision for depreciation	<b>17,609,000</b>	19,728,000
Long term debt interest, discount and expense	<b>3,364,000</b>	4,247,000
	<b>304,313,000</b>	329,102,000
Income before provision for income taxes	<b>22,209,000</b>	21,484,000
Provision for income taxes	<b>10,141,000</b>	9,866,000
Net income including minority shareholders' interest	<b>12,068,000</b>	11,618,000
Minority shareholders' interest in the income of subsidiary companies	<b>1,536,000</b>	2,160,000
<b>Net Income Before Extraordinary Items</b>	<b>10,532,000</b>	9,458,000
Extraordinary items — Net	<b>40,000</b>	6,992,000
Net income after extraordinary items	<b>10,572,000</b>	16,450,000
<b>Retained Earnings at Beginning of Year</b>	<b>64,415,000</b>	54,015,000
	<b>74,987,000</b>	70,465,000
<i>Deduct : Dividends</i>		
Preferred stock — 7½%	<b>174,000</b>	174,000
Common stock — 60 cents a share	<b>5,876,000</b>	5,876,000
	<b>6,050,000</b>	6,050,000
<b>Retained Earnings at End of Year</b>	<b>\$ 68,937,000</b>	\$ 64,415,000
<b>Earnings per Common Share, After Preferred Dividends</b>		
Before extraordinary items	<b>\$1.06</b>	\$0.95
After extraordinary items	<b>\$1.06</b>	\$1.66

The notes to the consolidated financial statements  
are an integral part thereof



# Consolidated Statement of Source and Application of Funds

for the year ended December 31, 1972  
(with comparative figures for 1971)

	1972	1971
<b>Working Capital at Beginning of Year</b>	<b>\$ 87,015,000</b>	<b>\$ 61,937,000</b>
<b>Source of Funds</b>		
<i>Funds from operations</i>		
Net income for the year before extraordinary items	10,532,000	9,458,000
Depreciation and amortization	17,672,000	16,552,000
Deferred income taxes	6,227,000	3,635,000
	<b>34,431,000</b>	29,645,000
Long term debt	—	3,296,000
Payment of long term note receivable	5,400,000	—
Sale of fixed assets	2,148,000	3,751,000
Sale of subsidiary company and other investments	—	16,348,000
Issue of shares to minority interest in a subsidiary company	2,200,000	—
Minority interest share of net income in subsidiary companies less dividends	418,000	742,000
Refund of income taxes	3,080,000	—
<b>Total</b>	<b>47,677,000</b>	53,782,000
<b>Application of Funds</b>		
Dividends	6,050,000	6,050,000
Additions to fixed assets	12,926,000	16,805,000
Acquisition of subsidiaries and shares in associated companies	1,117,000	1,886,000
Retirement of long term debt	2,992,000	3,963,000
Notes receivable	1,046,000	—
<b>Total</b>	<b>24,131,000</b>	28,704,000
<b>Increase in Working Capital</b>	<b>23,546,000</b>	25,078,000
<b>Working Capital at End of Year</b>	<b>\$110,561,000</b>	<b>\$ 87,015,000</b>

The notes to the consolidated financial statements are an integral part thereof

# Consolidated Balance Sheet

at December 31, 1972 (with comparative figures for 1971)

<b>Assets</b>	<b>1972</b>	<b>1971</b>
<b>Current</b>		
Cash and deposits at interest	\$ 44,732,000	\$ 26,164,000
Marketable securities, at cost (market value \$181,000 ; 1971 \$382,000)	213,000	415,000
Accounts receivable	51,607,000	49,687,000
Inventories at the lower of cost and net realizable value (Note 2)	49,332,000	49,819,000
Prepaid expenses	2,005,000	1,831,000
	<b>147,889,000</b>	127,916,000
<b>Notes Receivable</b> due after 1973	<b>1,046,000</b>	5,400,000
<b>Fixed</b> (Note 3)		
Buildings and equipment	254,283,000	244,551,000
Less : Accumulated depreciation	148,614,000	132,705,000
	<b>105,669,000</b>	111,846,000
Land at cost	8,638,000	8,401,000
	<b>114,307,000</b>	120,247,000
<b>Unamortized Debenture Discount and Expense</b>	<b>388,000</b>	451,000
<b>Shares of Associated Companies at Cost</b>		
less amounts written off	3,053,000	2,720,000
	<b>\$266,683,000</b>	\$256,734,000
On behalf of the Board :		
James Sinclair, Director		
E. L. Hamilton, Director		



<b>Liabilities</b>		<b>1972</b>	<b>1971</b>
<b>Current</b>			
Bank loans		\$ 2,011,000	\$ 5,227,000
Accounts and notes payable and accrued liabilities		32,125,000	32,084,000
Federal and provincial income taxes		1,559,000	2,026,000
Dividends declared		1,633,000	1,564,000
		37,328,000	40,901,000
<b>Long-Term Debt</b> (Note 4)		63,086,000	66,078,000
<b>Minority Shareholders' Interest</b>			
in capital stock and retained earnings of subsidiary companies		7,430,000	4,839,000
<b>Deferred Income Taxes</b> (Note 5)		13,711,000	4,310,000
<b>Shareholders' Equity</b>			
<b>Capital Stock</b>	Shares		
7½% Cumulative preferred shares of \$50 par value			
Authorized and issued	46,500	2,325,000	2,325,000
Common shares of no par value			
Authorized	13,500,000		
Issued	9,794,161	73,866,000	73,866,000
<b>Retained Earnings</b>		68,937,000	64,415,000
		145,128,000	140,606,000
		\$266,683,000	\$256,734,000

The notes to the consolidated financial statements  
are an integral part thereof

# Notes

to Consolidated Financial  
Statement for the Year Ended  
December 31, 1972

## 1. Basis of Consolidation

The accounts include Canadian Industries Limited and all of its subsidiary companies.

Certain subsidiary companies have fiscal years ending prior to December 31, 1972. These companies have been included in the Consolidated Statements for their respective fiscal periods ending in 1972.

In consolidating its accounts with those of its subsidiaries the Company follows a policy of adding to or deducting from consolidated fixed assets the difference between the cost of its investments in subsidiaries and the net book value of assets at date of acquisition. In this connection a net amount of \$7,627,000 was included in fixed assets at December 31, 1972.

## 2. Inventories

The inventories are classified

as follows:	1972	1971
Raw materials	\$12,984,000	\$13,201,000
Goods in process and finished goods	34,512,000	34,542,000
Stores and supplies	1,836,000	2,076,000
	<b>\$49,332,000</b>	<b>\$49,819,000</b>

## 3. Fixed Assets

Buildings and equipment are carried at cost less accumulated depreciation.

Depreciation is provided on the straight-line method applied to the estimated useful life of the assets.

It is estimated that expenditures of \$43,000,000 will be required to complete projects authorized prior to December 31, 1972.

## 4. Long-Term Debt

Canadian Industries Limited	1972	1971
3¼% sinking fund debentures due November 15, 1974	\$25,000,000	\$25,000,000
Less: Purchased and cancelled	14,610,000	12,218,000
	<b>10,390,000</b>	12,782,000
5¼% debentures due December 1, 1977	20,000,000	20,000,000
5¼% debentures due December 1, 1984	30,000,000	30,000,000
Other	2,696,000	3,296,000
	<b>\$63,086,000</b>	<b>\$66,078,000</b>

Prior to December 31, 1972 the Company had purchased and cancelled sufficient debentures to meet the sinking fund requirements of the 3¼% debentures.

## 5. Deferred Income Taxes

	1972	1971
Balance at beginning of year	\$ 4,310,000	\$ 5,035,000
Deferment of income taxes applicable to capital cost allowances in excess of depreciation and other charges to operations		
Current year	6,227,000	5,161,000
Refund applicable to prior year	3,080,000	—
Changes arising from sales or write-downs of certain fixed assets	94,000	(3,394,000)
Elimination of deferred taxes applicable to Millhaven Fibres Limited	—	(2,492,000)
Balance at end of year	<b>\$13,711,000</b>	<b>\$ 4,310,000</b>



## 6. Contingent Liabilities

The Company has contingent liabilities of \$335,000 with respect to the guarantee of loans to other companies and other contingent liabilities of \$646,068.

## 7. Pension Plan

The Company and most of its subsidiaries have a pension plan covering the majority of their employees. The contributions made by the companies and their employees are deposited in an irrevocable trust fund in accordance with the terms of the plan. During 1972 the plan was revised to provide improved pension benefits. As a result of this revision it is estimated that there is an unfunded liability with respect to past service of approximately \$2,500,000 (subject to confirmation by the plan's consulting actuary) which will be amortized over the next nineteen years.

## 8. Remuneration of Directors and Senior Officers of this Company

	1972		1971	
	Number	Amount	Number	Amount
As directors	14	\$ 32,000	15	\$ 32,000
As officers	14	705,000	17	687,000
Officers who are also directors	3		3	

## 9. Sales by Classes of Business

	1972		1971	
	Amount	%	Amount	%
Agricultural and Industrial Chemicals	\$154,261,000	48	\$139,800,000	40
Explosives, Ammunition and Related Products	99,518,000	31	108,300,000	31
Paints and Pigments	43,310,000	13	41,100,000	12
Other	27,458,000	8	60,000,000	17
	\$324,547,000	100	\$349,200,000	100

## The Shareholders, Canadian Industries Limited

We have examined the consolidated balance sheet of Canadian Industries Limited and its subsidiaries as at December 31, 1972 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended. For Canadian Industries Limited and those subsidiaries of which we are the auditors, our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. With respect to those subsidiaries of which we are not the auditors, we have carried out such enquiries and examinations as we considered necessary in order to accept for purposes of consolidation the reports of the other auditors.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1972 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Touche Ross & Co.*  
Chartered Accountants

Montreal, Canada  
February 8, 1973

# Consolidated Financial Review

(Millions of Dollars)	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sales	324.5	349.2	323.3	324.2	305.1	273.0	262.5	236.4	212.2	184.2
Income from operations	23.6	24.3	19.8	24.0	24.7	18.8	22.2	18.4	21.4	17.1
Long-term debt interest, discount and expense	3.4	4.2	4.7	4.7	5.0	4.7	3.7	3.6	2.1	2.0
Provision for income taxes	10.1	9.9	6.5	7.4	10.4	8.2	9.9	7.6	9.6	7.7
Net income *	10.5	9.5	8.1	10.5	10.0	6.9	9.6	8.1	9.7	7.4
Working capital	110.6	87.0	68.1	65.8	57.1	45.4	58.9	76.9	76.9	49.9
Fixed assets	262.9	253.0	320.2	297.0	301.7	306.5	276.6	233.8	188.5	174.3
Accumulated depreciation	148.6	132.7	164.6	145.9	136.8	130.9	119.9	110.0	98.5	90.8
Capital expenditures	12.9	16.8	14.8	15.0	14.0	32.0	44.7	52.0	16.5	11.9
Provision for depreciation	17.6	19.7	19.8	21.3	18.9	13.0	11.7	10.4	9.8	8.8
Long-term debt	63.1	66.1	83.6	82.5	87.3	86.2	85.0	70.6	71.6	42.1
Capital stock and retained earnings	145.1	140.6	130.2	128.1	120.6	115.7	115.3	112.2	87.7	83.8
Earnings a common share *	\$1.06	\$0.95	\$0.81	\$1.05	\$1.00	\$0.69	\$0.96	\$0.81	\$1.10	\$0.83
Dividends a common share	0.60	0.60	0.60	0.60	0.50	0.65	0.65	0.65	0.65	0.60

Quarterly Earnings a Common Share *	1972	1971
1st Quarter	\$0.09	\$0.10
2nd Quarter	\$0.59	\$0.48
Half Year	\$0.68	\$0.58
3rd Quarter	\$0.21	\$0.20
Nine months	\$0.89	\$0.78
4th Quarter	\$0.17	\$0.17
Year	\$1.06	\$0.95

\*Before extraordinary items.



(Millions de dollars)	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963
Ventes	324.5	349.2	323.3	324.2	305.1	273.0	262.5	236.4	212.2	184.2
Bénéfice d'exploitation	23.6	24.3	19.8	24.0	24.7	18.8	22.2	18.4	21.4	17.1
Intérêt, escompte et frais relatifs à la dette à long terme	3.4	4.2	4.7	4.7	5.0	4.7	3.7	3.6	2.1	2.0
Provision pour impôts sur le revenu	10.1	9.9	6.5	7.4	10.4	8.2	9.9	7.6	9.6	7.7
Bénéfice net*	10.5	9.5	8.1	10.5	10.0	6.9	9.6	8.1	9.7	7.4
Fonds de roulement	110.6	87.0	68.1	65.8	57.1	45.4	58.9	76.9	76.9	49.9
Immobilisations	262.9	253.0	320.2	297.0	301.7	306.5	276.6	233.8	188.5	174.3
Amortissement accumulé	148.6	132.7	164.6	145.9	136.8	130.9	119.9	110.0	98.5	90.8
Dépenses en immobilisations	12.9	16.8	14.8	15.0	14.0	32.0	44.7	52.0	16.5	11.9
Amortissement	17.6	19.7	19.8	21.3	18.9	13.0	11.7	10.4	9.8	8.8
Dette à long terme	63.1	66.1	83.6	82.5	87.3	86.2	85.0	70.6	71.6	42.1
Capital-actions et bénéfices non répartis	145.1	140.6	130.2	128.1	120.6	115.7	115.3	112.2	87.7	83.8
Bénéfice par action ordinaire*	\$1.06	\$0.95	\$0.81	\$1.05	\$1.00	\$0.69	\$0.96	\$0.81	\$1.10	\$0.83
Dividendes par action ordinaire	0.60	0.60	0.60	0.60	0.50	0.65	0.65	0.65	0.65	0.60
Bénéfice trimestriel par action ordinaire*	1972	1971								
1 <sup>er</sup> trimestre	\$0.09	\$0.10								
2 <sup>e</sup> trimestre	\$0.59	\$0.48								
semestre	\$0.68	\$0.58								
3 <sup>e</sup> trimestre	\$0.21	\$0.20								
neuf mois	\$0.89	\$0.78								
4 <sup>e</sup> trimestre	\$0.17	\$0.17								
année	\$1.06	\$0.95								

\* Sans les postes extraordinaires

Aux actionnaires, Canadian Industries Limited

Nous avons examiné le bilan consolidé de la Canadian Industries Limited et ses filiales au 31 décembre 1972 et les états consolidés du revenu et des bénéfices non répartis ainsi que des mouvements de trésorerie pour l'exercice clos à cette date. En ce qui concerne la Canadian Industries Limited et les filiales dont nous sommes les vérificateurs, notre examen a compris une revue générale des méthodes comptables et les sondages des livres et des pièces justificatives que nous avons jugés nécessaires dans les circonstances. Relativement aux filiales dont nous ne sommes pas les vérificateurs, nous avons obtenu les informations et effectué les examens jugés nécessaires pour accepter, aux fins de la consolidation, les rapports soumis par d'autres vérificateurs.

A notre avis, ces états financiers consolidés exposent fidèlement la situation financière des compagnies au 31 décembre 1972 ainsi que les résultats de leur exploitation et les mouvements de leurs trésoreries pour l'exercice clos à cette date, conformément aux principes comptables généralement admis, appliqués suivant les mêmes modalités qu'au cours de l'exercice précédent.

*Lucien Roy, C*

Comptables agréés

Montréal, Canada

le 8 février 1973

**6. Passif éventuel**

La Compagnie a un passif éventuel de \$335 000 par suite de la garantie d'emprunts d'autres compagnies et un autre passif éventuel de \$646 068.

**7. Régime de pension**

La Compagnie et la plupart de ses filiales offrent un régime de pension à la majorité de leurs employés. Les cotisations versées par les compagnies et les employés sont détenues, selon les termes du régime, dans un compte en fiducie irrévocable. Le régime a fait l'objet d'une révision en 1972 dans le but d'accroître les prestations de retraite. Cette révision a fait ressortir l'existence d'un passif actuariel relatif aux services passés d'environ \$2 500 000 (montant sujet à confirmation de la part de l'actuaire-conseil du régime), passif qui s'amortira au cours des dix-neuf prochaines années.

**8. Rémunération des membres du Conseil d'administration et de la Direction de la Compagnie**

Montant		Nombre	
1972		1971	
A titre d'administrateurs	14 \$ 32,000	15 \$ 32,000	
A titre de membres de la Direction	14 705,000	17 687,000	
Membres de la Direction qui sont également administrateurs	3	3	

Ventes par secteurs		d'activité	
1972		1971	
Montant	%	Montant	%
Produits chimiques	48	\$139,800,000	40
agricoles et industriels	31	108,300,000	31
Explosifs, munitions et produits connexes	13	41,100,000	12
Peintures et pigments	8	60,000,000	17
Autres	100	\$349,200,000	100



1. Consolidation

Les états consolidés comprennent les comptes de la Canadian Industries Limited et de toutes ses filiales. Les exercices financiers de certaines filiales se terminaient avant le 31 décembre 1972. Les comptes de ces compagnies ont été consolidés pour leurs exercices respectifs clos en 1972. Dans la consolidation des comptes de ses filiales, la Compagnie a comme politique d'ajouter aux immobilisations consolidées, ou d'en déduire, la différence entre le prix coûtant de ses placements dans les filiales et la valeur comptable nette des immobilisations à la date de l'acquisition. Un montant net de \$7 627 000 fut ainsi ajouté aux immobilisations au 31 décembre 1972.

2. Stocks

Les stocks sont classés comme suit :	
1972	1971
\$12,984,000	\$13,201,000
Valeurs premières	
Produits en voie de fabrication et produits finis	
\$34,512,000	\$34,542,000
Approvisionnement et fournitures	
\$1,836,000	\$2,076,000
\$49,332,000	\$49,819,000

3. Immobilisations

Les immeubles et l'outillage sont inscrits au prix coûtant moins l'amortissement accumulé. L'amortissement est calculé selon la méthode linéaire, basée sur une estimation de la durée utile des biens. On prévoit que des dépenses de \$43 000 000 seront nécessaires pour mener à terme les projets d'immobilisations autorisés antérieurement au 31 décembre 1972.

4. Dette à long terme

Canadian Industries Limited :	
1972	1971
\$25,000,000	\$25,000,000
Moins : achetés et annulés	
\$14,610,000	\$12,218,000
Débentures 5% échéant le 1er décembre 1977	
\$10,390,000	\$12,782,000
Débentures 5% échéant le 1er décembre 1984	
\$30,000,000	\$30,000,000
\$2,696,000	\$3,296,000
Autres	
\$63,086,000	\$66,078,000
Antérieurement au 31 décembre 1972, la Compagnie a acheté et annulé suffisamment de débentures pour satisfaire aux exigences du fonds d'amortissement des débentures 3%.	
5. Impôts sur le revenu reportés	
1972	1971
\$ 4,310,000	\$ 5,035,000
Solde au début de l'exercice	
\$ 4,310,000	\$ 4,310,000
Report des impôts sur le revenu relatifs à l'excédent de l'amortissement fiscal sur l'amortissement et les autres charges inscrits aux livres d'exercice courant	
\$6,227,000	\$5,161,000
Remboursement imputable à une année antérieure	
\$3,080,000	—
Changements provenant de la vente ou de la radiation de certaines immobilisations	
\$94,000	—
Elimination des impôts reportés de la Millhaven Fibres Limited	
—	(2,492,000)
\$13,711,000	\$ 4,310,000
Solde à la fin de l'exercice	

Passif	1972	1971
<b>Passif à court terme</b>		
Emprunts bancaires	\$ 2,011,000	\$ 5,227,000
Comptes et effets à payer et frais courus	32,125,000	32,084,000
Impôts fédéral et provinciaux sur le revenu	1,559,000	2,026,000
Dividendes déclarés	1,633,000	1,564,000
	<b>37,328,000</b>	<b>40,901,000</b>
<b>Dettes à long terme (note 4)</b>	<b>63,086,000</b>	<b>66,078,000</b>
<b>Part des actionnaires minoritaires</b>	<b>7,430,000</b>	<b>4,839,000</b>
dans le capital-actions et les bénéfices non répartis des filiales		
<b>Impôts sur le revenu reportés (note 5)</b>	<b>13,711,000</b>	<b>4,310,000</b>
<b>Avoir des actionnaires</b>		
<b>Capital-actions</b>		
Actions privilégiées, 7½% cumulatif, valeur nominale \$50		
Autorisées et émises	46,500	
Actions ordinaires sans valeur nominale		
Autorisées	13,500,000	
Émises	9,794,161	
<b>Bénéfices non répartis</b>	<b>68,937,000</b>	<b>64,415,000</b>
	<b>145,128,000</b>	<b>140,606,000</b>
	<b>\$266,683,000</b>	<b>\$256,734,000</b>
Les notes sur les états financiers consolidés font partie intégrante de ces états.		

Les notes sur les états financiers consolidés  
font partie intégrante de ces états.



# Bilan consolidé

au 31 décembre 1972 (avec chiffres correspondants pour 1971)

Actif	1972	1971
<b>Actif à court terme</b>		
Encaisse et dépôts portant intérêt	\$ 44,732,000	\$ 26,164,000
Titres négociables, au prix coûtant (valeur marchande \$181 000; en 1971 \$382 000)	213,000	415,000
Comptes à recevoir	51,607,000	49,687,000
Stocks au moindre du prix coûtant et de la valeur nette réalisable (note 2)	49,332,000	49,819,000
Frais payés d'avance	2,005,000	1,831,000
	<b>147,889,000</b>	<b>127,916,000</b>
<b>Effets à recevoir échéant après 1973</b>	<b>1,046,000</b>	<b>5,400,000</b>
<b>Immobilisations (note 3)</b>		
Immeubles et outillage	254,283,000	244,551,000
Moins : amortissement accumulé	148,614,000	132,705,000
	<b>105,669,000</b>	<b>111,846,000</b>
Terrains au prix coûtant	8,638,000	8,401,000
	<b>114,307,000</b>	<b>120,247,000</b>
<b>Escompte et frais non amortis relatifs aux débentures</b>	<b>388,000</b>	<b>451,000</b>
<b>Actions de compagnies associées au prix coûtant</b>	<b>3,053,000</b>	<b>2,720,000</b>
moins les montants radés		
	<b>\$266,683,000</b>	<b>\$256,734,000</b>

Pour le Conseil d'administration :  
James Sinclair, Administrateur  
E. L. Hamilton, Administrateur

Fonds de roulement au début de l'exercice		1972	1971
Fonds de roulement au début de l'exercice		\$ 87,015,000	\$ 61,937,000
<b>Provenance des fonds</b>			
<i>Fonds provenant de l'exploitation -</i>			
Bénéfice net de l'exercice sans les postes extraordinaires	10,532,000	9,458,000	
Amortissements	17,672,000	16,552,000	
Impôts sur le revenu reportés	6,227,000	3,635,000	
Dettes à long terme	34,431,000	29,645,000	
Remboursement sur un effet à recevoir à long terme	5,400,000	—	
Vente d'immobilisations	2,148,000	3,751,000	
Vente d'une filiale et d'autres placements	—	16,348,000	
Emission d'actions au bénéfice des actionnaires	—	—	
minoritaires d'une filiale	2,200,000	—	
Part des actionnaires minoritaires dans le	418,000	742,000	
bénéfice net des filiales moins les dividendes	3,080,000	—	
Recouvrement d'impôts sur le revenu	47,677,000	53,782,000	
<b>Total</b>			
<b>Utilisation des fonds</b>			
Dividendes	6,050,000	6,050,000	
Additions aux immobilisations	12,926,000	16,805,000	
Acquisition de filiales et d'actions de compagnies associées	1,117,000	1,886,000	
Remboursement sur la dette à long terme	2,992,000	3,963,000	
Effets à recevoir	1,046,000	—	
<b>Total</b>			
<b>Augmentation du fonds de roulement</b>			
Augmentation du fonds de roulement	23,546,000	25,078,000	
<b>Fonds de roulement à la fin de l'exercice</b>			
Fonds de roulement à la fin de l'exercice	\$110,561,000	\$ 87,015,000	

Les notes sur les états financiers consolidés  
font partie intégrante de ces états.

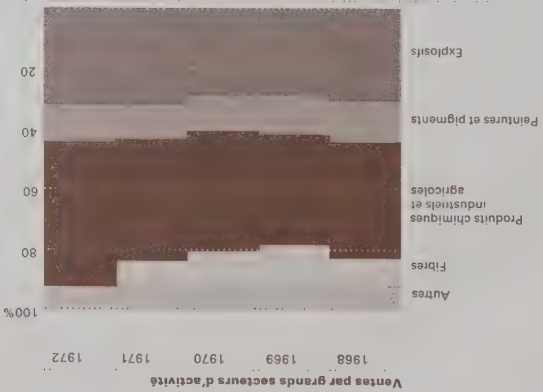


# Etat consolidé du revenu et des bénéfices non répartis

pour l'exercice clos le 31 décembre 1972  
(avec chiffres correspondants pour 1971)

1972	1971
<b>Ventes</b>	
Revenu de placements	\$349,171,000
	1,415,000
<b>326,522,000</b>	
<b>Coûts et dépenses :</b>	
Frais d'exploitation à l'exclusion de l'amortissement	283,340,000
Provision pour amortissement	17,609,000
Intérêt, escompte et frais relatifs à la dette à long terme	3,364,000
	304,313,000
Bénéfice avant provision pour impôts sur le revenu	22,209,000
Provision pour impôts sur le revenu	10,141,000
Bénéfice net, y compris la part des actionnaires minoritaires	12,068,000
Part des actionnaires minoritaires dans le bénéfice des filiales	1,536,000
	10,532,000
Postes extraordinaires — net	40,000
Bénéfice net, y compris les postes extraordinaires	10,572,000
Bénéfices non répartis au début de l'exercice	64,415,000
	74,987,000
<i>Moins dividendes</i>	
actions privilégiées — 7½%	174,000
actions ordinaires — 60 cents l'action	5,876,000
	6,050,000
<b>Bénéfices non répartis à la fin de l'exercice</b>	<b>\$ 68,937,000</b>
	\$ 64,415,000
<b>Bénéfice par action ordinaire, après dividendes sur les actions privilégiées</b>	
Sans les postes extraordinaires	\$1.06
Y compris les postes extraordinaires	\$1.06
	\$1.66

Les notes sur les états financiers consolidés  
font partie intégrante de ces états.



Les ventes totales de la Compagnie et de ses filiales en 1972 se chiffrent à \$324 547 000, soit une augmentation de \$7 564 000 sur l'année précédente, compte non tenu des ventes de la Millihaven Fibres Limited, une filiale qui a été vendue au cours du dernier trimestre de 1971.

Le bénéfice net sans les postes extraordinaires s'établit à \$10 532 000, soit \$1.06 par action ordinaire, ce qui représente une augmentation de 11.4% sur l'année précédente qui, compte tenu des revenus des neuf premiers mois de la Millihaven Fibres Limited, avait connu un bénéfice net de \$9 458 000, soit 95 cents par action ordinaire.

Les ventes et les profits se sont accrus dans la plupart des secteurs d'activité; cet accroissement s'est surtout fait sentir dans les secteurs des produits chimiques agricoles et des peintures. Cependant, une diminution de la demande, durant presque toute l'année, de la part de quelques secteurs de l'industrie de l'extraction des métaux de base, a eu un effet défavorable sur l'ensemble des résultats.

Au cours de l'année, la Compagnie a obtenu un gain de cause dans son appel à la Commission de révision de l'impôt au sujet d'une cotisation pour l'année d'imposition 1965 et a obtenu le remboursement de l'impôt qui avait été payé, soit \$3 080 000.

Pour amortir ses établissements et son outillage, la Compagnie a continué d'employer la méthode linéaire basée sur la durée utile prévue des biens concernés. Les amortissements sont de \$17 609 000, soit, abstraction faite des amortissements en 1971 de la Millihaven Fibres, \$1 115 000 de plus que l'année précédente.

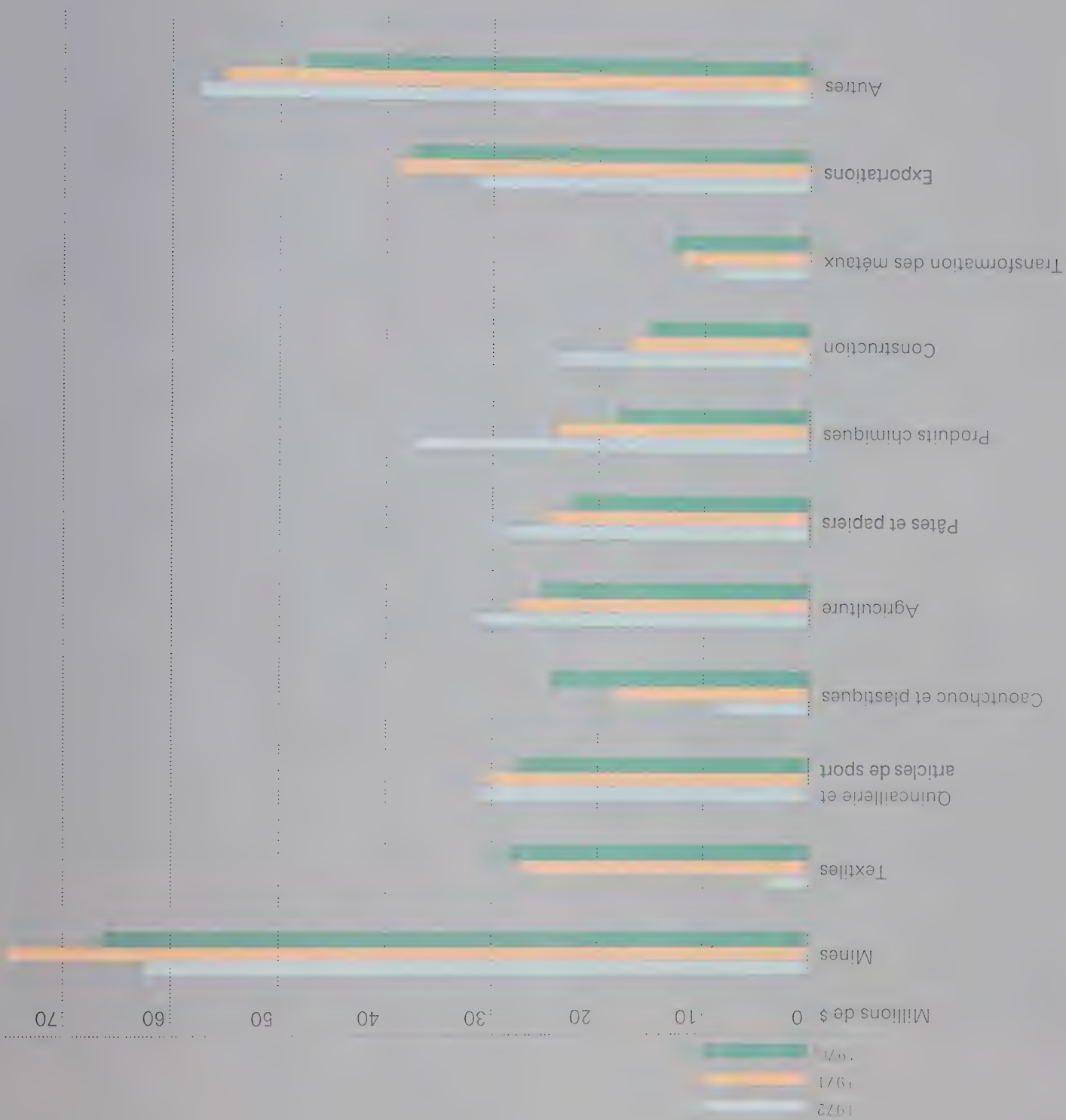
Les dépenses en immobilisations se chiffrent pour 1972 à \$12 926 000, soit une diminution de \$3 879 000 par rapport à 1971. Il y a eu en 1972 des dépenses importantes pour des installations de réduction de la pollution (\$2 900 000), de nouveaux «Agrocen-tre», des ateliers de mélange d'explosifs à pied-d'œuvre et la modernisation d'usines d'acide sulfurique. Le boni des affectations pour les immobilisations approuvées, à la fin de l'année, s'élève à \$43 000 000.

Au début de 1972, la Compagnie a acquis 50% des actions d'Eco-Recherches Limited, qui se spécialise dans des travaux d'analyse de l'environnement. La filiale de la CIL qui administre des intérêts immobiliers a acquis 50% des actions de la Burnside Development Co. Limited, une société immobilière d'Halifax, et a vendu 20% de ses actions à l'ICI Pension Funds Securities Ltd.

La Compagnie a racheté pour \$2 392 000 de déventures à 3.75% échéant en 1974, ce qui dépasse les exigences du fonds d'amortissement pour cette émission.

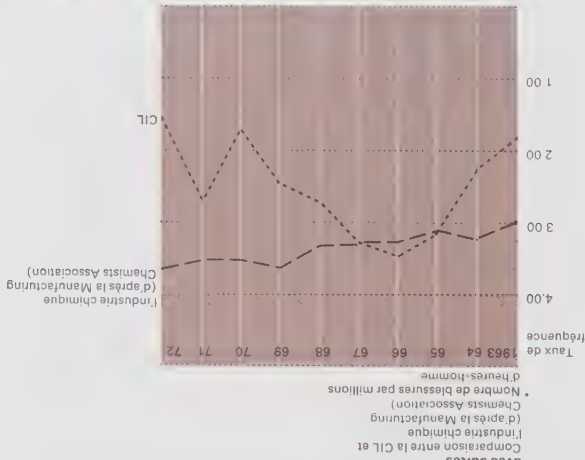
La CIL a versé, pour l'exercice 1972, les dividendes trimestriels sur les actions privilégiées à 7.5% et a maintenu à 60 cents, soit au même niveau qu'en 1971, les dividendes sur chaque action ordinaire.

# Ventes par secteur industriel





Taux de fréquence des blessures



Une étude en profondeur du dossier et des pratiques de sécurité de la Compagnie a été effectuée. Nous avons appliqué les recommandations qui ont été faites en faveur de normes plus appropriées et de programmes visant à les atteindre. Le nombre des accidents entraînant incapacité a diminué de 48% en 1972 par rapport à l'année précédente, grâce à l'effort concerté de tous les employés. Ces chiffres sont encourageants et nous visons à une plus grande amélioration encore dans les années à venir.

Par surcroît, nous cherchons de plus en plus activement des moyens d'accroître la sécurité en dehors des heures de travail. Dans cette optique, la CIL a fortement incité les employés et leurs familles à suivre les cours de conduite préventive que dispensent des instructeurs de la Compagnie dans tout le pays.

Reconnaissant plus que jamais l'importance de ses ressources humaines, la Compagnie met tout en œuvre pour aider ses employés à s'adapter aux exigences changeantes de leur travail et à accroître leur compétence, de façon à servir leurs propres objectifs et ceux de la Compagnie. Le Régime de pension a été modifié de façon à mieux adapter les avantages qu'il offre à la hausse des salaires. Les conditions concernant les indemnités d'invalidité ont été modifiées en raison des changements apportés aux régimes gouvernementaux.

A la fin de 1972, le personnel de la CIL et de ses filiales comptait 8 400 personnes, soit 2% de moins qu'en 1971.

## Administrateurs

Sir Peter Menzies et M. John D. Rose de l'Imperial Chemical Industries Limited, ayant pris leur retraite, n'ont pas sollicité le renouvellement de leur mandat à l'assemblée générale annuelle tenue en avril 1972. A cette assemblée, MM. Edward J. Goett, président et chef de direction d'ICI America Inc. et d'ICI North America Limited, et James A. Stewart, premier vice-président d'ICI North America Limited, ont été élus administrateurs.

En avril 1972, le Conseil a formé un comité de vérification composé de MM. A. M. Campbell, Alistair G. S. Griffin et E. L. Hamilton.

Dans le cadre de sa lutte aux accidents même en dehors des heures de travail, la CIL offre à ses employés et à leurs familles des cours de conduite préventive. Ce sont des cours préparés par le Conseil canadien de la sécurité et dispensés par des instructeurs de la Compagnie dans tous ses établissements au Canada.



Il fallait, en matière d'information, perfectionner nos moyens techniques pour demeurer à la pointe du progrès mais surtout pour répondre aux besoins complexes des nombreux secteurs d'activité de la Compagnie. On s'est donc mis, d'abord, à faire par ordinateur une grande part du travail général de comptabilité et de tenue de livres. En même temps que se continue ce travail de base, on utilise de plus en plus l'ordinateur, grâce à l'expérience acquise dans son maniement, pour fournir aux directeurs de services et divisions les renseignements dont ils ont besoin pour prendre leurs décisions quotidiennes et planifier à long terme. Ces tâches nécessitent de meilleurs moyens techniques et c'est pourquoi nous avons installé à Montréal en 1972 un ordinateur moderne de grande capacité qui remplacera deux ordinateurs plus petits que nous utilisions.

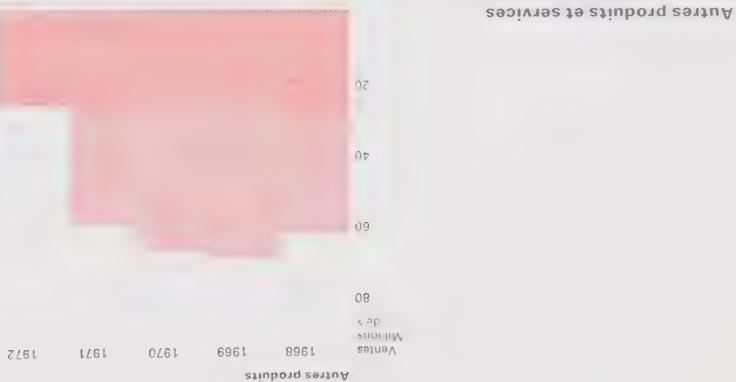
### Information à la Direction

Elle construira en 1973 à Vancouver un édifice à bureaux de quatre étages. Elle a en outre acquis 50% des actions de la Burnside Developments Co. Limited, d'Hallifax. Cette entreprise possède et gère de nombreux entrepôts, et termine actuellement la construction d'un édifice à bureaux. Les représentants de notre filiale sont actuellement en pourparlers avec les dirigeants de la ville de Victoria au sujet d'un plan d'aménagement visant à utiliser l'emplacement que quittera la Bapco Paint Ltd. à la fin de 1973. En outre, notre filiale est en train de tracer les plans d'aménagement d'un parc industriel dans la banlieue d'Edmonton.

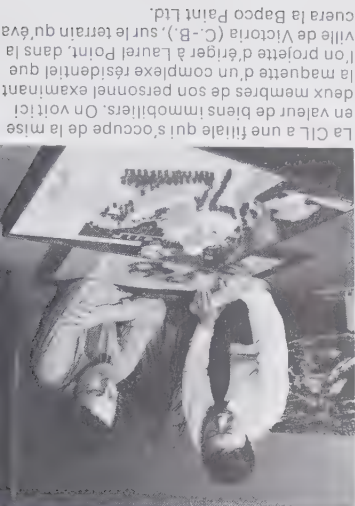
La filiale de la CIL créée en 1969 pour administrer des intérêts immobiliers a fait l'acquisition de plusieurs propriétés de la Compagnie qui ne conviennent plus à un usage industriel mais qui présentent des possibilités intéressantes au point de vue de l'exploitation immobilière. On a recruté un personnel expérimenté pour assurer une gestion de premier ordre à cette filiale, et 20% de ses actions ont été vendues à la ICI Pension Funds Securities Ltd. qui possède de vastes intérêts immobiliers dans le monde entier.

C'est surtout dans l'avenir que l'impact financier de cette filiale se fera sentir. Toutefois, elle est bien avancée en matière de planification et plusieurs de ses projets sont en voie d'exécution.

### Développement immobilier

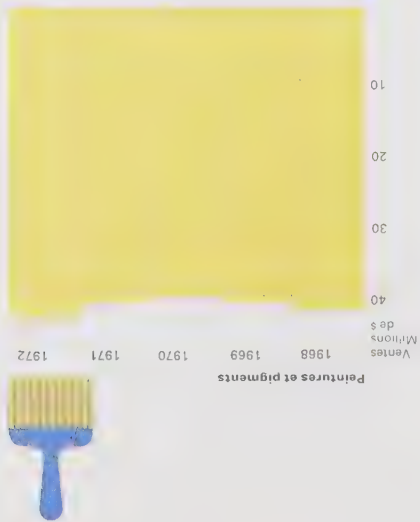


La section informatique de la CIL, on allie les ressources humaines à celles de l'électronique pour fournir aux cadres de la Compagnie des renseignements de première valeur.



La CIL a une filiale qui s'occupe de la mise en valeur de biens immobiliers. On voit ici deux membres de son personnel examinant la maquette d'un complexe résidentiel que l'on projette d'ériger à Laurel Point, dans la ville de Victoria (C.-B.), sur le terrain qu'évacuera la Bapco Paint Ltd.

Peintures et pigments



**Peintures**

**Amélioration du rendement**

La plupart des secteurs du marché ont été plus forts et les ventes totales des peintures révèlent une légère augmentation par rapport à l'exercice précédent. Le rendement de l'exportation s'est amélioré; hausse de la productivité dans tout le secteur des peintures et économies dans la production à l'usine de peintures de décoration du centre Vaughan.

Les ventes et la productivité de notre filiale située en Jamaïque sont à la hausse alors que le chiffre de vente de la Bapco Paint Limited a été supérieur à celui de 1971. Bapco construira un centre de fabrication et de distribution à Newton (Colombie-Britannique) à 20 milles au sud-est de Vancouver. Cet établissement, qui sera en service dès la fin de 1973, fournira la base nécessaire à l'essor des affaires de cette filiale sur les marchés de l'Ouest. La vieille usine de Victoria sera réaménager l'emplacement.

Autres produits et services

**Plastiques**

**Du progrès**

Au début de 1972, le secteur des pellicules et des emballages a été réorganisé; les sections qui ne coïncidaient pas avec les objectifs de la Compagnie ont été vendues, à savoir les établissements de fabrication de Montréal, Winnipeg et New Westminster. Le rendement de ce secteur réorganisé a été réellement meilleur qu'au cours de l'exercice précédent. Le chiffre de vente des pellicules affiche un gain considérable. À Edmonton, une grande chaîne d'extrusion de pellicules, destinées à la construction, l'agriculture et l'industrie, a été mise en marche à la fin de 1971; elle a fonctionné à plein au cours de 1972. Cette même année, la Compagnie a mis au point et lancé sur le marché un sac d'expédition à plis multiples, unique en son genre, ainsi qu'une nouvelle sorte de sac à ordures. L'établissement d'autres installations de fabrication de ces deux produits est en cours. Les ventes de résine de polyéthylène se sont légèrement accrues par rapport à l'exercice précédent, ce qui reflète l'amélioration de la qualité et la fermeté des prix.

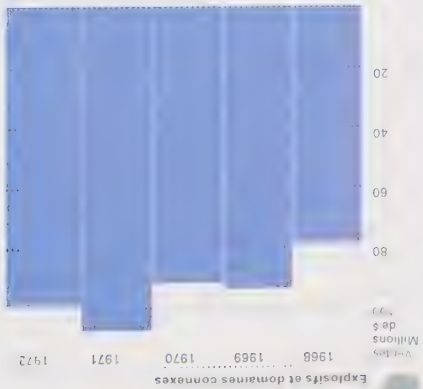


Afin d'explorer les possibilités futures de commerce, la CIL et deux de ses filiales ont participé, en août dernier, à l'exposition commerciale organisée par le gouvernement du Canada à Pékin, en République populaire de Chine. Ci-dessus, le premier ministre Chou En-lai visitant le kiosque de la CIL.



Grâce à sa robustesse, sa stabilité à l'em-pilage, à l'étanchéité de sa valve, ce nouveau sac à plusieurs plis est idéal pour l'exportation des produits en grains et en poudre. Ses deux épaisseurs de pellicule le rendent très robuste et très sûr.





### Services à l'industrie minière

Une année difficile

L'amputation des programmes d'expansion minière a entraîné une réduction des demandes de l'équipement vendu par la Jarvis Clark Company Limited pour l'exploitation minière souterraine, mais des mesures de contrôle des coûts ont redressé la situation. Maintenant, cette filiale est en bonne posture pour tirer profit du changement qui se manifestait déjà dans les affaires vers la fin de l'année.

Les ventes de la McPhar Geophysics Limited ont été faibles en raison de la stagnation de la prospection minière. Outre l'intensification des efforts techniques et la mise au point de plusieurs instruments perfectionnés, le lancement d'un appareil pour la prospection des sources géothermiques a été couronné de succès.

### Munitions et armes de sport

Hausse des ventes et de la productivité

Une importante amélioration du chiffre de vente des munitions et armes de sport s'est produite en 1972. Une part considérable de cette augmentation est attribuable aux exportations. La hausse du prix des matières premières a malheureusement neutralisé la diminution des coûts réalisée grâce à l'amélioration des méthodes d'exploitation de l'usine, et cette hausse n'a pu être compensée par des prix de vente plus élevés.

Les ventes d'explosifs industriels ont atteint un record en 1972. Une certaine relance dans le domaine de la construction et des autres marchés a plus que compensé les effets de la longue grève qui a sévi dans les mines de fer du Labrador et du Nouveau-Québec, ainsi que du ralentissement général qu'ont connu certains secteurs de l'industrie de l'extraction des métaux de base.

Dans l'ouest du Canada, les ventes de la Continental Explosives Limited ont bénéficié du regain d'activité de l'industrie du bâtiment et de l'exploitation forestière. Les marchés intérieur et extérieur de la West African Explosives and Chemicals Limited, située au Libéria, ont continué de croître. La CIL applique intensivement un programme de recherche poussée et de développement technique qui vise à améliorer les explosifs; de plus, elle est en train d'agrandir les installations qui en ont besoin pour satisfaire les exigences nouvelles des marchés. Le «Powermex», nouvel explosif en bouillie sensible au détonateur, offert en 1971 sous forme de paquets de petit diamètre, a été lancé avec succès l'année dernière pour le chargement en vrac dans les exploitations souterraines. En outre, une gamme de bouillies, pour trous de mine de petit diamètre, contenant un meilleur agent sensibilisateur, vient d'être commercialisée après deux ans de recherche laborieuse dans les laboratoires de la CIL. Des installations modernes de fabrication de produits en bouillie ont été mises en service au cours de l'année pour satisfaire la demande du marché qui croît sans cesse, surtout en Colombie-Britannique. Nous comptons ajouter encore beaucoup à ces installations au cours de 1973. Nous avons également lancé sur le marché canadien un système perfectionné d'utilisation de l'énergie des explosifs pour la prospection sismique.

Depuis cent ans, les explosifs de la Compagnie ne cessent de jouer un rôle très important dans la mise en valeur des richesses naturelles du Canada. Au premier rang des grands travaux où ils constituent un agent essentiel, figure depuis trois ans la construction du gazoduc Transcanadien, qui

traverse presque tout le Canada. On utilise les explosifs pour la construction de la route d'accès et pour le creusement de la tranchée. La photo montre ici un tronçon de la partie nord-ontarienne du gazoduc.





Ces poissons servent à déterminer les effets des eaux usées sur la faune aquatique, dans les analyses que fait Eco-Recherches Limitée à ses laboratoires de Montréal. Cette compagnie associée fournit des services de surveillance et d'analyse de l'air, des études météorologiques, des échantillonnages des émissions de cheminées et des études de toxicité des effluents.

La cheminée d'acier, de 125 pieds de hauteur, de la première usine de destruction de déchets industriels liquides au Québec se reflète dans l'étang où sont accumulés les déchets qui menaçaient la nappe d'eau souterraine de la région. La destruction de ces déchets est la première tâche qu'entreprend l'usine nouvellement construite par la société Goodfellow Corporation (Québec, Inc., une filiale de la CIL).





**Produits chimiques agricoles**

**Meilleurs débouchés et productivité accrue**  
Dans le domaine des engrais, de nets progrès ont été accomplis grâce à des prix plus avantageux et à une exploitation plus rationnelle. La principale usine d'engrais de la Compagnie, située près de Sarnia, en Ontario, se classe parmi les plus productives de l'Amérique du Nord. Toutes les unités de fabrication y ont dépassé le rendement normal et des records ont été établis dans la production de certains produits, notamment l'ammoniac.

L'offre et la demande des engrais tendent à s'équilibrer peu à peu et on s'attend à ce que ce secteur continue de se développer au cours de 1973 étant donné que la demande nord-américaine et mondiale contribue à améliorer les prix des produits destinés aux exploitations agricoles et à répandre l'usage des engrais.

Les ventes de pesticides des Produits chimiques Chipman Limitée ont sensiblement augmenté par rapport à 1971. Une nouvelle usine et un nouvel entrepôt dont la construction sera terminée vers la fin de 1973 à Hamilton, en Ontario, remplaceront les établissements qui auront été fermés.

**Amélioration de l'environnement**

**Nouveaux secteurs d'activité**

La sensibilisation du public à l'importance du contrôle de la pollution de l'air et de l'eau et de la pollution par le bruit a permis à de nouveaux secteurs d'activité de se développer au Canada et à l'étranger. L'an dernier, la CIL a mis sur pied une section chargée de coordonner les projets touchant de près ou de loin la lutte à la pollution, entrepris par divers groupes de la Compagnie. Elle s'occupe maintenant de choisir, dans ce domaine, des spécialités où elle pourra faire un apport particulier, en tenant compte des ressources et de l'expérience dont elle dispose et des possibilités futures de profits. Une telle attitude est essentielle vu le nombre de concurrents qui se disputent ce secteur.

Le groupe de compagnies Goodfellow, qui exploite une usine de destruction des déchets industriels liquides à Sarnia, a ouvert un autre établissement du même genre près de Mont-réal au cours de l'année. Les travaux de construction d'une troisième usine située près de Toronto ont été achevés à la fin de 1972.

À la Chemetics International Ltd., les ventes de services et de matériel antipollution se sont accrues de manière constante en 1972. À la suite de plusieurs contrats passés au Canada et aux États-Unis, cette filiale fournit présentement des services d'ingénierie pour la conception d'installations destinées à l'industrie et aux services publics municipaux.

Eco-Recherches Limitée, une compagnie associée située à Pointe-Claire, au Québec, qui se spécialise dans les recherches sur la qualité de l'environnement, a élargi ses activités au cours de l'année en ouvrant un bureau et un laboratoire à Toronto.



Produits chimiques industriels et agricoles

Produits chimiques industriels

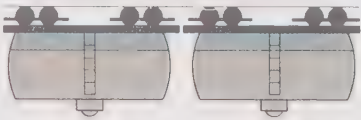
Investissement dans de nouvelles usines  
En 1972, les ventes de produits chimiques ont considérablement augmenté par rapport à celles de 1971. L'industrie des pâtes et papiers a connu une hausse importante de production et les autres marchés industriels sont restés stables, sauf certains secteurs de l'extraction des métaux. Par conséquent, un grand nombre des usines ont fonctionné à plein rendement ou presque et la production a été comblée par la vente de produits achetés.

La réduction progressive des activités se poursuit selon le programme prévu à l'usine d'Hamilton; à la fin de 1972, environ la moitié de l'emplacement, vendu en 1969, était déjà libérée. On construit présentement à Copper Cliff une usine qui doit commencer à fabriquer de l'oléum dans la première partie de 1973 et qui compensera l'abandon de l'usine d'Hamilton. Les travaux de construction d'une grande usine de chlorocalcis commenceront bientôt à Bécancour, au Québec; la production ira aux marchés de l'Est canadien, qui se dévaloppent rapidement. On aura recours aux plus récentes découvertes de la technologie pour qu'elle atteigne le plein rendement et réponde aux exigences les plus strictes en matière de sécurité et de protection de l'environnement. D'autre part, à l'usine de Cornwall, en Ontario, un projet d'accroissement de la production de chlorocalcis est en bonne voie de réalisation.

A Faro, au Yukon, une petite usine a déjà commencé à produire du sulfate de cuivre en solution pour les besoins d'une importante mine de plomb et de zinc de la région.

Par un contrat signé en novembre, la Chemetics International Ltd. s'est engagée à fournir à la société Sono-Hemijski Kombinat «Soda-So» de Yougoslavie des services d'ingénierie pour la construction de cinq usines de produits chimiques, qui sera réalisée avec l'aide d'un prêt accordé à l'entreprise yougoslave par la Société canadienne pour l'expansion des exportations. Par ailleurs, la vente de refroidisseurs d'acide sulfurique en acier inoxydable s'accélère et tout semble indiquer que la tendance se maintiendra.

A l'Alchem Limited, les ventes ont augmenté de façon appréciable par rapport à l'an dernier et des travaux d'aménagement de nouvelles installations sont actuellement en cours. Pour sa part, la Canadian Hanson Limited a connu de meilleurs succès qu'en 1971, en raison d'une augmentation de la demande dans le domaine du matériel pour le nickelage. Grâce à des gains notables sur les marchés extérieurs, la Cornwall Chemicals Limited, une compagnie associée gérée par la CIL, a augmenté son chiffre d'affaires cette année. Elle fait construire à Calgary une usine de broyage du soufre qui desservira les marchés du caoutchouc et des explosifs.



La Chemetics International Ltd., filiale de la CIL, offre sur le marché international divers types d'usines et de procédés chimiques. La photo ci-dessus a été prise lors de l'inauguration d'une usine fournie par la Chemetics, en Malaisie; on y voit, à l'extrême droite, le premier ministre du pays, M. Tun Abdul Razak, serrant la main au personnel de la Chemetics.



- Siège social
- Laboratoires de recherche et développement
- △ Bureaux de vente et de services techniques
- Entrepôts
- Usines

Cet impératif d'efficacité commande parfois le remplacement d'usines devenues désuètes. Ainsi, deux établissements modernes de production de peintures et de pesticides sont en construction cette année pour remplacer les usines actuelles. Dans la même optique, nous avons procédé dernièrement à la réorganisation des services de recherche de façon à les rapprocher des secteurs d'activité appelés à les mettre le plus à contribution.

Notre politique d'abandon des exploitations qui ne cadrent plus avec les plans de la CIL s'est concrétisée d'abord par la cession, en 1971, de nos intérêts majoritaires dans la Millhaven Fibres Limited. Cette mesure fut suivie, l'an passé, par la vente d'une portion de notre secteur des emballages de plastique, qui ne concordait pas avec nos objectifs.

Si l'on se tourne maintenant vers l'année qui vient de commencer, elle montre divers signes encourageants pour la CIL. On prévoit un progrès soutenu de l'économie canadienne, tandis que d'importants marchés industriels de la Compagnie manifestent une vitalité accrue. La relance survenue dans l'industrie des pâtes et papiers et le regain enregistré dans l'agriculture de façon évidente en 1972 devraient se maintenir pendant que l'affermissement des marchés des métaux devrait stimuler l'exploitation minière et la prospection.

Pour le Conseil d'administration

Le président du Conseil

Leonard Hynes  
*Leonard Hynes*  
 E. L. Hamilton

Montréal, Québec, le 16 mars 1973

vers la fourniture d'une plus grande gamme de produits et services au secteur des richesses naturelles, tout en accordant moins d'importance aux exploitations qui ne lui semblent pas suffisamment en position de force dans le milieu canadien. Cette philosophie de base se traduit chez nous par une stratégie qui comprend les quatre points suivants : diversification des activités par la pénétration de nouveaux domaines, renforcement de secteurs actuels, cession de certains secteurs appartenant à des domaines qui ne sont pas d'un intérêt primordial pour la CIL, réorganisation des structures de la Compagnie pour les mieux adapter aux besoins qui découlent de ces innovations. Il faut pas mal de temps pour réorienter la marche d'une grande entreprise comme la CIL, et il est peut-être bon, à l'heure actuelle, de voir où nous en sommes dans la réalisation de nos objectifs.

Au cours des trois dernières années, nous avons investi plus de \$18 millions dans de nouveaux secteurs industriels, dont les plus importants ont été ceux qui desservent l'industrie des ressources naturelles. En outre, nous avons fait des progrès considérables dans la commercialisation de nos techniques avancées de chimie industrielle et de nos services de lutte à la pollution. Dans ces nouveaux secteurs, nos ventes en 1972 ont dépassé les 25 millions de dollars.

La CIL renforcera considérablement sa position dans le secteur des produits chimiques importants pour l'économie canadienne par la construction d'une usine de chloralcalis de \$30 000 000 à Bécancour, au Québec. Cette usine desservira en soude caustique et en chlore l'est du Canada, où la demande est de plus en plus forte. Dotée des techniques industrielles les plus avancées, elle répondra de plus aux normes les plus strictes de sécurité et de respect de l'environnement.

La Compagnie travaille constamment à accroître le rendement de tous ses rouages ; l'examen en profondeur qu'elle a entrepris de ses méthodes, installations et services auxiliaires est en bonne voie.







E. L. Hamilton



Leonard Hynes

Le bénéfice net de la CIL pour 1972 marque une augmentation de 1% sur l'année précédente et le bénéfice par action ordinaire se chiffre à \$1.06, comparativement à \$0.95 en 1971.

Ces résultats sont encourageants étant donné que cer-

tains des principaux marchés desservis par la CIL n'ont pas connu pleinement le regain qui s'est manifesté d'une façon générale dans l'économie canadienne l'année dernière. En

particulier, les ventes de produits, d'outillage et de services à l'industrie minière ont souffert du niveau relativement faible

de la production dans des secteurs importants de cette industrie. Nous sommes tout spécialement heureux de signaler que

les résultats financiers favorables pour 1972 s'accompagnent d'une amélioration marquée du dossier sécurité de la CIL. Tous

les employés méritent des félicitations pour l'effort concerté qu'ils ont fourni en vue de cette réussite. L'un de nos objectifs

majeurs est de continuer dans cette voie en ce qui concerne la

sécurité.

L'entrée du Royaume-Uni dans la Communauté écono-

mique européenne souligne davantage jusqu'à quel point

l'industrie canadienne doit affronter la concurrence, sur le

marché tant intérieur qu'extérieur, des trois géants industriels

que sont l'Europe, les États-Unis et le Japon, qui bénéficient

chacun d'une économie développée s'appuyant sur une popu-

lation bien des fois supérieure à celle du Canada. L'industrie

de notre pays ne peut plus profiter de beaucoup d'arrangements

spéciaux pour vendre sur ces marchés.

Consciente de ces données nouvelles, la CIL a orienté sa

planification, il y a quelques années, vers l'élaboration de

stratégies visant à concentrer les efforts de la Compagnie dans

des secteurs qui présentent des avantages particuliers au mar-

ché canadien ou des garanties de viabilité sur le plan mondial

dans le contexte d'aujourd'hui. Les industries qui desservent

le secteur des richesses naturelles ou qui lui sont reliées

d'une autre façon comptent parmi les domaines où ces traits

compétitifs sont le plus évidents. C'est pourquoi la CIL a

adopté comme politique à long terme de diriger ses efforts

L'usine de chlorocalcis que la CIL construira à Bécancour (Québec) desservira l'est du Canada, où le marché s'accroît considérablement.

# Conseil d'administration

## Direction

<b>Alistair M. Campbell</b> Président du Conseil, Sun Life du Canada, Compagnie d'assurance-vie, Montréal	<b>E. L. Hamilton</b> Président, Canadian Industries Limited, Montréal	<b>Président du conseil</b> Leonard Hynes	<b>Trésoriers adjoints</b> M. C. Fitzsimmons C. McLaughlin	<b>Agent d'enregistrement, de transfert et de paiement de dividendes</b> Compagnie du Trust National Limitée, Montréal, Toronto, Calgary, Vancouver	<b>Inscriptions à la Bourse</b> Montréal, Toronto, Vancouver	<b>Agent d'enregistrement et de transfert pour les débentures</b> Compagnie Trust Royal, Montréal, Toronto, Winnipeg, Vancouver	<b>Vérificateurs</b> Touche Ross & Cie	<b>Contrôleur</b> L. H. Chant	<b>Secrétaire adjoint</b> A. F. M. Biggs	<b>G. F. Whitby, O.B.E.</b> Administrateur, Imperial Chemical Industries Limited, Londres, Angleterre
<b>Roger DeSerres</b> Président, Omer De Serres Ltée, Montréal	<b>Leonard Hynes</b> Président du Conseil, Canadian Industries Limited, Montréal	<b>W. J. Mandry</b> Vice-président exécutif, Canadian Industries Limited, Montréal	<b>Hon. H. de M. Molson, O.B.E.</b> Président du Conseil, Les Industries Molson Limitée, Montréal	<b>Hon. James Sinclair, C.P.</b> Vice-président du Conseil, Ciments Canada Lafarge Ltée, Vancouver	<b>J. A. Stewart</b> Premier vice-président, ICI North America Limited, New York, N.Y.	<b>A. G. S. Griffin</b> Président du Conseil, Triarch Corporation Limited, Toronto				

1971	<b>1972</b>	Ventes
\$349,171,000	<b>\$324,547,000</b>	Bénéfice avant provision pour impôts
21,484,000	<b>22,209,000</b>	Bénéfice net sans les postes extraordinaires
9,458,000	<b>10,532,000</b>	Postes extraordinaires – Gain net
6,992,000	<b>40,000</b>	Fonds de roulement au 31 décembre
87,015,000	<b>110,561,000</b>	Dépenses en immobilisations (y compris dépenses pour l'acquisition de nouvelles filiales et compagnies associées)
18,685,000	<b>14,043,000</b>	Actions ordinaires en cours au 31 décembre
9,794,161	<b>9,794,161</b>	Bénéfice par action ordinaire sans les postes extraordinaires
\$0.95	<b>\$1.06</b>	Dividendes par action ordinaire
\$0.60	<b>\$0.60</b>	Nombre d'actions ordinaires au 31 décembre :
7,235	<b>6,284</b>	actions ordinaires
604	<b>581</b>	actions privilégiées





AR08

Canadian Industries Limited  
Rapport Annuel 1972



## To the Shareholders:

Total sales of the Company and its subsidiaries for 1972 were \$324,547,000, an increase of \$7,564,000 over the previous year, excluding the sales of Millhaven Fibres Limited, a subsidiary company which was sold in the fourth quarter of 1971.

Net income before extraordinary items was \$10,532,000 or \$1.06 a common share, an increase of 11 cents a share, compared with 1971 income of \$9,458,000 or \$0.95 a common share, which included earnings of Millhaven Fibres.

Sales and profit growth were achieved by most business segments with agricultural chemicals and paints recording significant improvements. However, overall results were adversely affected during much of the year by reduced demand for our products and services from some sectors of the base metal mining industry.

Although capital expenditures for the year were slightly below the 1971 level, an active program of expansion is under way. During 1972 there were major outlays on pollution abatement facilities, additional "Agromart" farm service centres, on-site explosives plants, and an upgrading of sulphuric acid facilities. Furthermore, projects approved late in the year call for a stepped up program of new investment in the period ahead – a \$30 million plant for the manufacture of chlorine and caustic soda at Bécancour, Quebec, a modern pesticides formulating plant for Chipman Chemicals Limited at Saltfleet, near Hamilton, Ontario, to replace one being closed down, and a paints plant and warehouse at Newton, near Vancouver, B.C., for Bapco Paint Ltd. to replace inadequate and obsolete facilities at Victoria.

E. L. Hamilton,  
President

*Canorp*

Montreal, Quebec, January 31, 1973

## Consolidated Income Statement

For the Year Ended December 31, 1972

(Unaudited)

	1972	1971
<b>Sales</b>	<b>\$324,547,000</b> ✓	<b>\$349,171,000</b> ✓
Income from operations	\$ 23,598,000	\$ 24,316,000
Income from investments	1,975,000	1,415,000
	<u>\$ 25,573,000</u>	<u>\$ 25,731,000</u>
Long term debt interest, discount and expense	3,364,000	4,247,000
<b>Income before provision for income taxes</b>	<b>\$ 22,209,000</b>	<b>\$ 21,484,000</b>
Provision for income taxes	10,141,000	9,866,000
	<u>\$ 12,068,000</u>	<u>\$ 11,618,000</u>
Minority shareholders' interest in the net income of subsidiary companies	1,536,000	2,160,000
<b>Net income before extraordinary items</b>	<b>\$ 10,532,000</b> ✓	<b>\$ 9,458,000</b> ✓
Extraordinary items (net)	40,000 ✓	6,992,000 ✓
<b>Net income after extraordinary items</b>	<b>\$ 10,572,000</b> ✓	<b>\$ 16,450,000</b> ✓
Earnings a common share before extraordinary items	<u>\$1.06</u> ✓	<u>\$0.95</u> ✓



# Canadian Industries Limited

# Canadian Industries Limited



Ventes	\$324,547,000	\$349,171,000
Bénéfice d'exploitation	\$ 23,598,000	\$ 24,316,000
Revenu de placements	1,975,000	1,415,000
Intérêt, escompte et frais relatifs à la dette à long terme	\$ 25,573,000	\$ 25,731,000
Bénéfice avant provision pour impôts sur le revenu	\$ 22,209,000	\$ 21,484,000
Provision pour impôts sur le revenu	10,141,000	9,866,000
Part des actionnaires minoritaires dans le bénéfice net des filiales	\$ 12,068,000	\$ 11,618,000
Bénéfice net sans les postes extraordinaires	1,536,000	2,160,000
Postes extraordinaires (net)	\$ 10,532,000	\$ 9,458,000
Bénéfice net y compris les postes extraordinaires	40,000	6,992,000
Bénéfice par action ordinaire sans les postes extraordinaires	\$ 10,572,000	\$ 16,450,000
	\$1.06	\$0.95

## Etat consolidé du revenu pour l'année terminée le 31 décembre 1972 (non vérifié)

E. L. Hamilton  
Président

Montreal, Québec, le 31 janvier 1973

Les ventes totales de la Compagnie et de ses filiales pour 1972 se chiffrent à \$324,547,000, soit une augmentation de \$7,564,000 sur l'année précédente, compte non tenu des ventes de la Millihaven Fibres Limited, une filiale qui a été vendue au cours du dernier trimestre de 1971.

Le bénéfice net sans les postes extraordinaires s'établit à \$10,532,000, soit \$1.06 par action ordinaire, ce qui représente une augmentation de 11 cents sur l'année précédente qui, compte tenu des revenus de la Millihaven Fibres Limited, avait connu un bénéfice net de \$9,458,000, soit 95 cents par action ordinaire. Les ventes et les profits se sont accrus dans la plupart des secteurs d'activité; cet accroissement s'est surtout fait sentir dans les secteurs des produits chimiques agricoles et des peintures. Cependant, une diminution, durant presque toute l'année, de la demande de nos produits et services de la part de quelques secteurs de l'industrie de l'extraction des métaux de base, a eu une influence défavorable sur l'ensemble des résultats.

Même si les dépenses en immobilisations ont été, pendant l'année, légèrement moins élevées qu'en 1971, un programme actif d'expansion est actuellement en cours. Au cours de 1972, les installations de réduction de la pollution, les nouveaux "Agrocenre", les ateliers de mélange d'explosifs à pied-d'oeuvre et la modernisation d'établissements d'acide sulfurique ont fait l'objet de dépenses importantes. De plus, des projets approuvés à la fin de l'année ont prévu un programme accéléré d'investissements pour la prochaine période: l'implantation d'une usine de chlore et de soude caustique à Bécancour, au Québec, au coût de \$30 millions, la construction pour Les Produits Chimiques Chipman Limitée d'une usine moderne de pesticides à Saffitee, près d'Hamilton en Ontario, en remplacement d'une autre en train d'être fermée, la construction d'une usine et d'un entrepôt de peintures à Newton près de Vancouver, pour la Bapco Paint Ltd., pour remplacer les établissements de Victoria devenus désuets.



AR08



**Canadian  
Industries  
Limited**

**Presentation to:**

**Montreal Society of  
Financial Analysts**

**April 19, 1972**



REMARKS BY E. L. HAMILTON, PRESIDENT  
CANADIAN INDUSTRIES LIMITED  
TO THE  
MONTREAL SOCIETY OF FINANCIAL ANALYSTS,  
MONTREAL, APRIL 19, 1972

INTRODUCTION

I am pleased to have an opportunity to say a few words to this audience about what CIL has been doing and the directions in which our planning is pointed. I will only be able to sketch in a few highlights because of time limitations, but I understand from your Chairman that there will be a question period later which will give you an opportunity to raise issues that I might overlook.

CHEMICAL  
INDUSTRY

In order to place my remarks about CIL into some sort of perspective, I should like at the outset to say a few words about the Canadian chemical industry as a

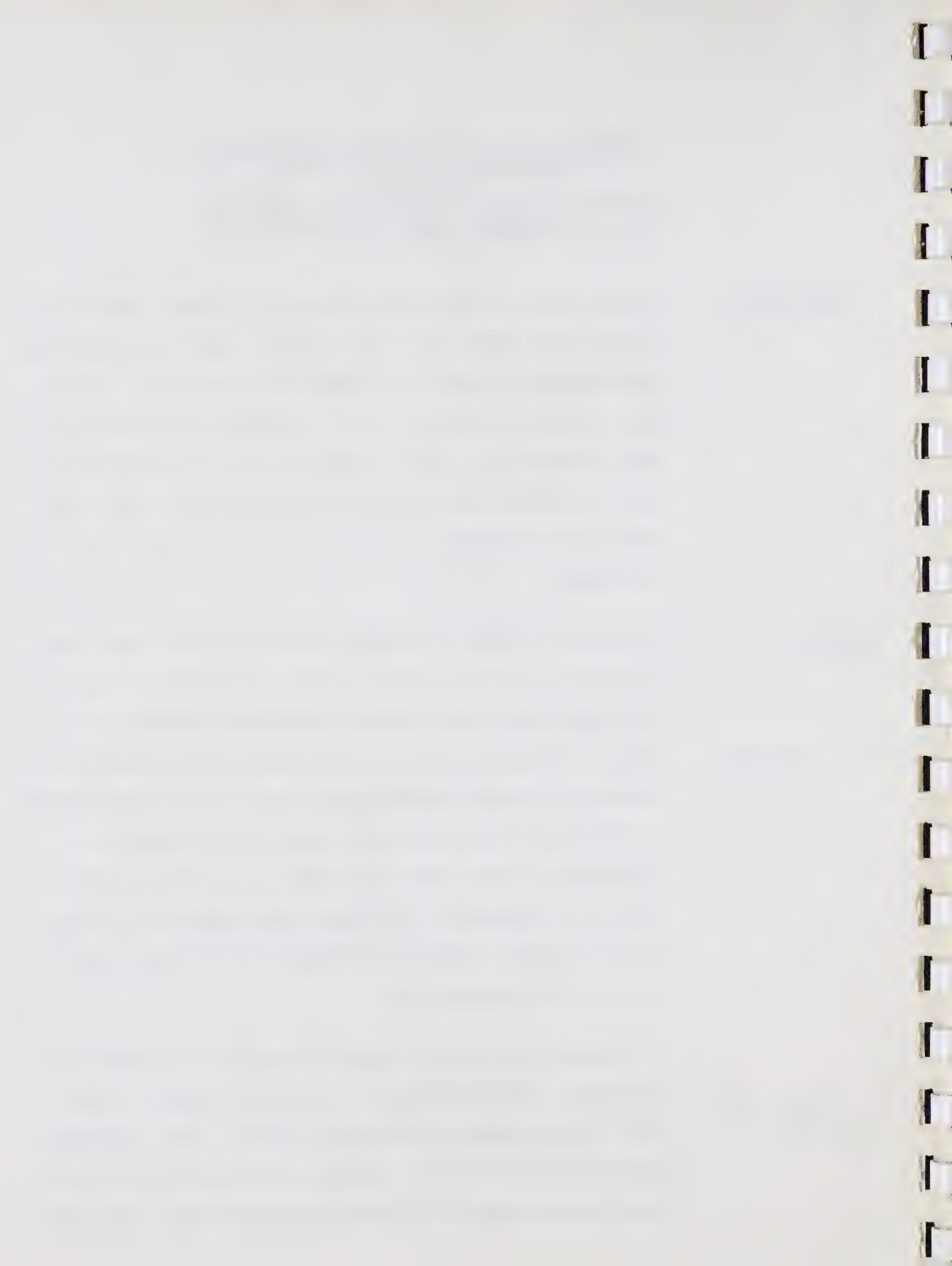
Main Segments

whole. To begin with, the industry is a collection of somewhat diverse undertakings; and this is demonstrated in the first chart we have prepared which shows a breakdown of the industry's sales. It will be seen that the grouping of all these sub-industries into a classification "chemical industry" is in many ways a statistical convenience.

Petrochemicals  
Troubles

In common with a significant proportion of Canadian secondary manufacturing, the chemical industry has been through some trying times lately. The problems that have received the greatest public attention are those associated with petrochemicals, where technological





changes and other forces have put Canadian producers under severe market pressures. The size of an efficient plant has risen five to fifteen fold since the 1950's, and it is not uncommon to find that one modern economic-sized plant could supply the entire Canadian market for a particular product, and have some output to spare. Petrochemical products currently account for roughly 20% of total chemical output of the country. Roughly half of the industrial chemicals sector shown in Chart 1 is made up of petrochemicals.

CIL Chiefly  
in Non-  
Petrochemicals

Petrochemical manufacturing by CIL is largely confined to polyethylene resin. The bulk of our output is in other areas, such as explosives and related products; sulphuric acid, caustic soda, chlorine and ammonia. These products are not immune to intensive competition by any means, but they do have some built-in advantages. For example, sales are largely directed to Canadian resource industries, and very often they are freight protected.

In terms of Chart 1, CIL's production is concentrated in the bottom group: Industrial-Type Products.

NEW DIRECTIONS  
BY CIL

CIL was early in recognizing, several years ago, that basic conditions in the industry were changing in a way that could bring disagreeable results, especially for petrochemical producers. Nevertheless, we have played a leading role, in co-operation with other





producers in the industry and with governments, in attempts to forestall any short-sighted, large-scale phasing out of important petrochemical manufacturing operations in this country. At the same time, however, CIL felt that solutions to the problems of the petrochemical industry would be long in coming, because of the need to mobilize industry views and because of the extremely lengthy process involved in arriving at political decisions on industrial policy. As it has turned out, some of these decisions have not been made yet, a half-dozen years later.

It was because of this potential delay, among other reasons, that CIL set out five years ago to have another look at the type of desirable changes it might create in its own operations, while at the same time supporting joint efforts of industry and government to find more general solutions.

One of the first things we did to move the Company into a more satisfactory long-term growth and profit trend in the face of altered circumstances, was to undertake a large-scale re-assessment of our policy formation procedures. Basically, this important exercise started out with the asking of very simple questions such as:

Where are we now?

Where do we want to be in the 1970's and 80's?



What do we have to do to get there?

What can we do on our own or in co-operation with others to translate plans into performance more effectively?

I say, more effectively, because long-term planning itself was not new in the Company. What was new was a recognition that our previous planning procedures would no longer suffice. With hindsight, we can now say that some of the more useful elements of the new approach we took several years ago were the following:

Main Elements  
of More  
Effective  
Planning

- (a) We were determined at the outset to draw more heavily on the views of the people who would at the next stage be asked to implement the new plans. So we started out quite consciously to get a wide group of people at different levels within CIL involved in the process of setting the Company's basic objectives. This widespread participation of employees in the early stages proved to be both a moderating influence and one that generated some aggressive alternatives to the things we had been doing for years.
- (b) A second feature was an intensive effort to ensure that energies were not dissipated because objectives were being poorly communicated throughout the Company. In





part, this problem was solved because a great many people were involved in setting the objectives, but it also required some conscious efforts. Briefly we were pressing for a real commitment to corporate objectives.

- (c) A third feature that made the new planning different - and one of considerable importance - was a determination to push through the changes in organization needed so that new paths could be set for the effective channelling of individual contributions; and for frustrating, as much as possible, the natural tendency of large organizations to gravitate towards conservatism and away from hard decisions.

Not unexpectedly, the past few years have proved to be a period of heightened activity. It takes time to alter the impetus of a big organization, and structural reshaping usually involves at the very least a vigorous scraping of edges. We can, however, report with satisfaction, but not with complacency, that the effort has begun to yield important results.

SOME DETAILS  
OF WHAT CIL  
HAS DONE AND  
PLANS TO DO

Before going much further, I should like to mention briefly just what some of the elements of our new direction are in terms of basic objectives. First, we have set specific targets for increased returns on funds invested. To simply say that is relatively



easy, but we believe our targets to be both ambitious and realistic.

Strengthening  
Existing  
Businesses

We plan to get this improvement by several means. We are pressing forward energetically in those areas of our current business which we feel, after careful assessment, have good long-term potential. Examples of positive actions already taken to improve the results of existing businesses include such things as a fresh look at distribution techniques and increased emphasis on the growing "service industry" aspects of manufacturing.

In support of our explosives business we have developed mixing plants "on site" at some of our customers' locations. In fertilizers we have broadened our distribution system and taken it closer to the final customer through the establishment of a chain of "Agromart" farm service centres. In our sulphuric acid business we pioneered the use of unit trains to obtain economies of distribution, and these efforts are being broadened through the setting up of new depots at key market points in eastern Canada.

Willingness  
to Divest

Another feature of the new direction our planning has taken is a willingness to get out of the businesses that no longer suit our long-term planning. One of the earliest divestments by CIL under this new approach dates back to the sale of our "Fabrikoid" Division in





1968. An important decision in this area was taken last year when CIL sold the balance of its interest in Millhaven Fibres Limited. The fibres business did not fit our long-term objectives, and putting more funds into that area would have significantly reduced our opportunities for expansion elsewhere. In recent months we have announced the sale of certain plastics packaging operations and the curtailment of production for defence purposes.

Obviously, however, we must at the same time seek out entirely new business opportunities, or stagnate.

#### New Ventures

Therefore, the strengthening of some existing businesses and the divestment of others is being accompanied by a growing emphasis on the identification of new areas of interest and how to enter them.

Two of the guidelines we employ here are that a new business must have continued good prospects in Canada, or be a business for which there are opportunities to expand on a continental or world basis. We also look with favour on businesses where our affiliation with ICI will bring important additional strengths, but in many ways the directions we are taking are substantially different from those of ICI. Another influence in making decisions is whether or not we can bring some important additional strengths to the proposed new business; e.g. through our research or marketing capabilities. This is not an exhaustive list of



guidelines, but will give you some idea of how an actual assessment is made.

New ventures activity has been proceeding on several fronts in CIL for some years now. A few examples will illustrate the reasons for CIL's entry. Through our explosives and heavy chemicals businesses we have built up close commercial links with Canada's resource industries. Our good reputation here has helped us in our efforts to reduce our dependence upon commodity chemicals. We recently purchased Jarvis Clark Company Limited, a leading supplier of mechanical equipment to the underground mining industry. At about the same time we acquired McPhar Geophysics Limited, one of the world's foremost suppliers of geophysical exploration services.

CIL recognized some time ago that its technical know-how was a marketable asset that could be exploited more fully. Through a subsidiary, Chemetics International Ltd., we have sharply expanded sales of chemical technology to the pulp and paper industry. That company sold the world's first oxygen bleaching system to a kraft mill in the United States; and designed sodium chlorate plants for manufacturers in Malaysia and New Zealand. Negotiations for similar business are proceeding in other countries. Chemetics International also markets stainless steel coolers, of unique CIL design, which are being sold internationally for sulphuric acid manufacture.





Our knowledge and experience gained from the development of pollution abatement processes for our own plants have led to the identification of pollution control as a new area of business expansion. Chemetics International Ltd. is active in the design and installation of effluent treating processes.

CIL expanded its activities in this field in 1971, when it acquired all the shares of the Goodfellow group of companies which are engaged in liquid waste disposal. CIL will bring to these enterprises its extensive background in the treatment of difficult industrial wastes.

In order to support and expand these new businesses we have restructured our research efforts. Over the next five years considerable growth in research and development activity is foreseen, much of it related to our increasing involvement in services to the resource based industries and the growing importance of our environmental improvement business. All CIL's research activities are, as a matter of policy, related to specific business objectives and strategies. Accordingly, we place much emphasis on good communications between our research and commercial people. This approach is paying off. For example, our promising international business involving the marketing of technology related to the resource industries stems directly from our own research innovations.



In addition to entering new product and service lines, CIL has also been emphasizing a broader geographical outlook. We have always had a substantial export business, but in recent years we have added to this by expanding investment in manufacturing facilities in the U.S. and abroad. Through wholly-owned subsidiaries, we have an ammunition loading plant in the U.S., a paints plant in the Carribbean, and an explosives facility in West Africa. In addition, as I have indicated earlier, the operations of Chemetics International and McPhar are on a world-wide basis.

We don't pretend that it will always be easy to find the new ventures we would like to enter into, but our feelings could be fairly described as optimistic.

#### ORGANIZATIONAL CHANGES

While all this was going on we were introducing some basic changes in management structure with a view to broadening the intermix of short-term operational decision-making with long-term planning requirements.

One of the changes was the Objectives and Plans Committee (top of Chart 2). This Committee was set up to assist and advise the President in regard to his responsibility for long-term growth and profitability of the Company. (Note: - the responsibility is still the President's). It is in this Committee that corporate objectives and basic strategies are hammered into final form. The monitoring of performance against





plans is largely centred in the Operations Committee. We have an Executive Vice-President and six other Vice-Presidents, all of whom are members of the Objectives and Plans Committee. The main responsibility of three of these Vice-Presidents is of a functional nature (first three from the left of the chart). In addition, we have three operating Vice-Presidents, each of whom is responsible for a broad area of CIL's business. This includes responsibility for the Company's interests in certain subsidiary and associated companies.

As one indication of the changes that have taken place in CIL's top management recently, in only two of the positions shown on Chart 2 were the present incumbents in the same positions two years ago.

I don't want to suggest that all changes have been at the top. We have been taking strong measures to give people at all levels throughout the Company "a piece of the management action". As far as possible decisions are being pushed down the line. This enrichment of the individual's job has paid off for the individual and the Company. We have been able to eliminate certain levels of supervision and reduce the number of personnel at other levels. This process is still going on.

Changes in  
Management  
Style



MAIN OPERATING  
DIVISIONS

On Chart 2 you can also see the six main operating divisions of CIL - Ammunition, Explosives, Agricultural Chemicals, Industrial Chemicals, Paints and Plastics.

The Ammunition and the Explosives Divisions come under one Vice-President. The products of the Ammunition Division are sold primarily to sportsmen in Canada and the U.S. The Explosives Division serves a wide variety of markets, but its sales are chiefly concentrated in such areas as mining and heavy construction.

Next on the chart is Agricultural Chemicals. This Division sells fertilizers, fertilizer chemicals and a host of other products and services aimed at the agricultural market. The next unit listed is Industrial Chemicals. In this Division are the traditional heavy chemicals such as sulphuric acid, chlorine and caustic soda that are sold to Canada's resource industries and a variety of other markets.

The products of the Paints Division serve a number of different market areas. They show up, for example, on household appliances and cars. Our paint products are probably best known by the CILUX and CILTONE brands sold through retail stores across the country.

The main products of the next group - Plastics - are polythene resin and polythene film, industrial packaging products and a number of resale items. These serve a variety of industries.





The total sales of the six divisions that I have just covered were roughly \$250 million in 1971. All of these divisions are important to the Company, but two of them - Explosives and Industrial Chemicals - were responsible for the largest portion of the Company's sales and earnings last year.

Subsidiary and affiliated companies also account for a significant part of CIL's total business. Several have annual sales in the order of \$10 million. Taken as a whole, sales of the subsidiary companies were about \$100 million in 1971. Only a short while ago subsidiaries accounted for only a very minor part of CIL's net earnings. In recent years, however, they have been responsible for something over a third of consolidated net earnings. Having said this, it is perhaps important to emphasize that it is not our intention to become a holding company. Our normal method of operating is through divisions. If a unit is retained as a subsidiary it is because of a partnership arrangement, because it has a name that is a valuable asset in the market place, or for some other reason, such as, for example, an operation in a foreign country.

WHERE CIL IS  
AND HOPES  
TO BE

1971 Results

Now that I have sketched out some of the recent changes in CIL's philosophy and general organization, I should like to shift for a few minutes to recent financial results, and what we see as the broad prospect of our business over the years immediately ahead.



CIL's total sales in 1971 were \$349 million, up 8% over 1970. Income before taxes jumped 32% in the year-to-year comparison, and net income, after a substantially higher provision for income taxes than in the previous year, advanced by 16%. These 1971 results reflect a number of factors such as the general upturn in business conditions, but of particular significance to us they include some of the first fruits of a concerted drive for more efficient operations, and the shift into new business areas that I mentioned earlier.

1972 Estimates

In turning to the results so far in 1972 I should say, first, that because of the seasonal nature of much of our business, the first quarter of the year does not necessarily provide a good measure in terms of financial results of the likely outcome for the full year.

Sales and net income of the businesses we are operating today showed significant gains in the first quarter of 1972 as compared with the same period of 1971. However, these were offset by the elimination of the results of Millhaven Fibres Limited from this year's figures. As a result, earnings for the first quarter of about \$900,000, equal to 9 cents a common share, will be down slightly from the figure of \$982,000, or 10 cents per common share, earned in the first quarter of 1971.





The improvement in general business conditions that began over a year ago is not yet apparent in some of the major markets served by CIL. We are optimistic, nevertheless, that the general improvement will spread and gather some momentum. For 1972 as a whole we look for net income, before extraordinary items, to be slightly ahead of 1971 - that is, we expect growth in the businesses we are operating today to more than offset the contribution made by Millhaven Fibres Limited in 1971.

Although I am forecasting only modest growth for CIL in 1972, our efforts will be directed to achieving much more than that as we press for further efficiencies, strengthen our traditional businesses and expand into new areas.

MAIN BUSINESS  
AREAS

For convenience, our total business, (internal divisions plus subsidiary company operations), can be thought of as falling within four main business areas. From Chart 3 you will see that the Chemicals Business Area and the Explosives Business Area, when taken together, accounted for over two-thirds of the Company's consolidated sales in 1971.

I will concentrate my remarks for the next few minutes on these two important segments of our business which are shown in greater detail in Charts 4 and 5. These charts will also give you a better idea of how our



subsidiary operations fit with internal operations and will indicate the important commercial links we have with other companies on this continent.

The Chemicals  
Business Area

On Chart 4 you will see the organizational outline of the Chemicals Business Area. It is composed of two CIL divisions, Agricultural Chemicals and Industrial Chemicals (which I touched upon earlier) and several subsidiary and affiliated companies. For simplicity's sake, I have not included all the subsidiary companies.

The first company noted is Chipman Chemicals Limited, a long established and well known name in the insecticide and fungicide trade. It is 100% CIL-owned. Next is Alchem Limited, which manufactures and distributes a wide variety of products for water treatment, and is 51% owned by CIL. This is one of several examples where CIL is working closely with a U.S. company. In this case our partner is the Nalco Chemical Company of Chicago, a technological leader in its field in the United States.

The next company, Canadian Hanson Limited, specializes in metal finishing supplies and equipment and is 85% owned by CIL, with the remainder held by Udyllite Corporation of Detroit, a subsidiary of Occidental Petroleum Corporation. Following that is Cornwall Chemicals Limited, owned jointly by CIL and Stauffer Chemical Company of New York. Chemetics International





Limited is one of the new ventures I described earlier.

On Chart 4 we can also see that sales of the Chemicals Business Area have risen steadily in recent years. This basic trend is expected to continue in the period immediately ahead. The prospects for the Agricultural Chemicals part of this business are brighter than they have been for some time. Low profitability in the fertilizer field, owing to gross oversupply and a consequent deterioration of fertilizer prices, has forced some producers to leave the business. In the meantime CIL, which already had an efficient world-scale plant operating at Lambton, has expanded its marketing organization and is in strong position to gain from the improvement of prices that is now taking place.

The Chemicals Business Area also includes a large number of products that serve a much wider spectrum of Canadian industry; ranging from metal fabrication to food, and extending into the service industries. There is, and will remain, a particular emphasis on serving resource industries, and CIL's sales of many chemical products should reflect indirectly the expected strong world demand for Canada's resources.

Our pollution abatement enterprises are a part of the Chemicals Business Area. Though small, they are already expanding rapidly and offer a great potential for future profitable growth.



We recognize that environmental control has a special aura of its own these days and that it could easily become crowded with new entrants. We believe, however, that we have some special advantages, such as experience in the field going back many years and the capacity to contribute specialized technical competence to environmental control.

**The Explosives  
Business Area**

The other main breakdown I want to show today is the Explosives Business Area, which had sales in excess of \$100 million in 1971. The two main CIL divisions included here are Ammunition and Explosives. These divisions and the subsidiary and associated companies I have shown all have a relatively close connection with one another.

The first subsidiary company listed is Canadian Safety Fuse Company Limited, a manufacturer of safety fuse and related accessories used in blasting. It is 51% owned by CIL, with the remaining interest held by Ensign-Bickford Company of Simsbury, Connecticut. C-I-L Ammunition Inc. operates a plant in New York State. To date it only accounts for a small portion of the U.S. sporting ammunition business, but even that degree of success means that the U.S. operation is an important part of CIL's total ammunition business. West African Explosives and Chemicals Limited is located in Liberia where it is supplying a growing segment of the West African market for





explosives and ammunition products. I mentioned Jarvis Clark and McPhar in my earlier comments on new ventures.

Sales of the Explosives group of businesses advanced 17% last year and this general business area is expected to show a fairly strong upward trend over the next few years. Again there is a substantial natural resource orientation. We are fully aware that our continued success in serving this sector of the Canadian economy will not be automatic. We have built up a good reputation opposite Canada's resource industries, through quality, service and strong technical support, and we intend to merit their continuing respect and patronage.

I don't want to leave you with the impression that our Explosives Business Area is directed entirely to resource industries. It also serves other important markets. Sales to the heavy construction industry are substantial, for example, and provide a stabilizing influence on sales and profits. In good times private construction programs make heavy calls for explosives products, and when general economic conditions are less robust, governments are prone to push construction of roads and other public works - again creating a demand for explosives.



CIL AND THE  
FINANCIAL  
MARKET

It is expected that the two main business areas that I have covered - Chemicals and Explosives - will still account for the bulk of CIL's sales and earnings in the years immediately ahead. Our present plans for the development of these and other businesses will call for substantial amounts of capital, but we are not anticipating going to the market for funds for some time ahead. We are currently in a strong cash position owing to the funds we have obtained from sale of our plant site at Hamilton, Ontario, and the sale of our remaining interest in Millhaven Fibres Limited. Moreover, our cash flow outlook for the next two years is extremely favourable. Refunding of our remaining 3 $\frac{3}{4}$ % sinking fund debentures, which come due in November 1974, may be necessary. We recognize that our need for capital could change rapidly, depending on the rate of success of our new venture investigations. At the moment, however, I do not foresee an early resort to new outside financing.

ICI IN  
NORTH AMERICA

Before closing I think this audience will be interested in the fact that Imperial Chemical Industries, the largest shareholder in CIL, recently purchased all the outstanding shares of Atlas Chemical Industries Inc. in the United States. The operations of Atlas and those of ICI America were merged to form a new company





called ICI America Inc. of a size, measured in sales, almost as large as CIL.

The relationships possible between CIL and a closely associated company in the chemical business in the United States will be of significant benefit to CIL, particularly in the opportunities it will afford for using the experiences and services of each more effectively.

As a step towards achieving co-ordination of the strengths of the two companies, the President of ICI America Inc., and the President and a Vice-President of ICI North America Limited, have been elected to the CIL Board and I will serve on the Board of ICI America Inc., as well as on the Board of ICI North America Limited.

My colleague, David Coyle, and I will now be pleased to respond to your questions to the best of our ability.



# Chart No.1

## Canadian Chemical Industry Shipments 1970

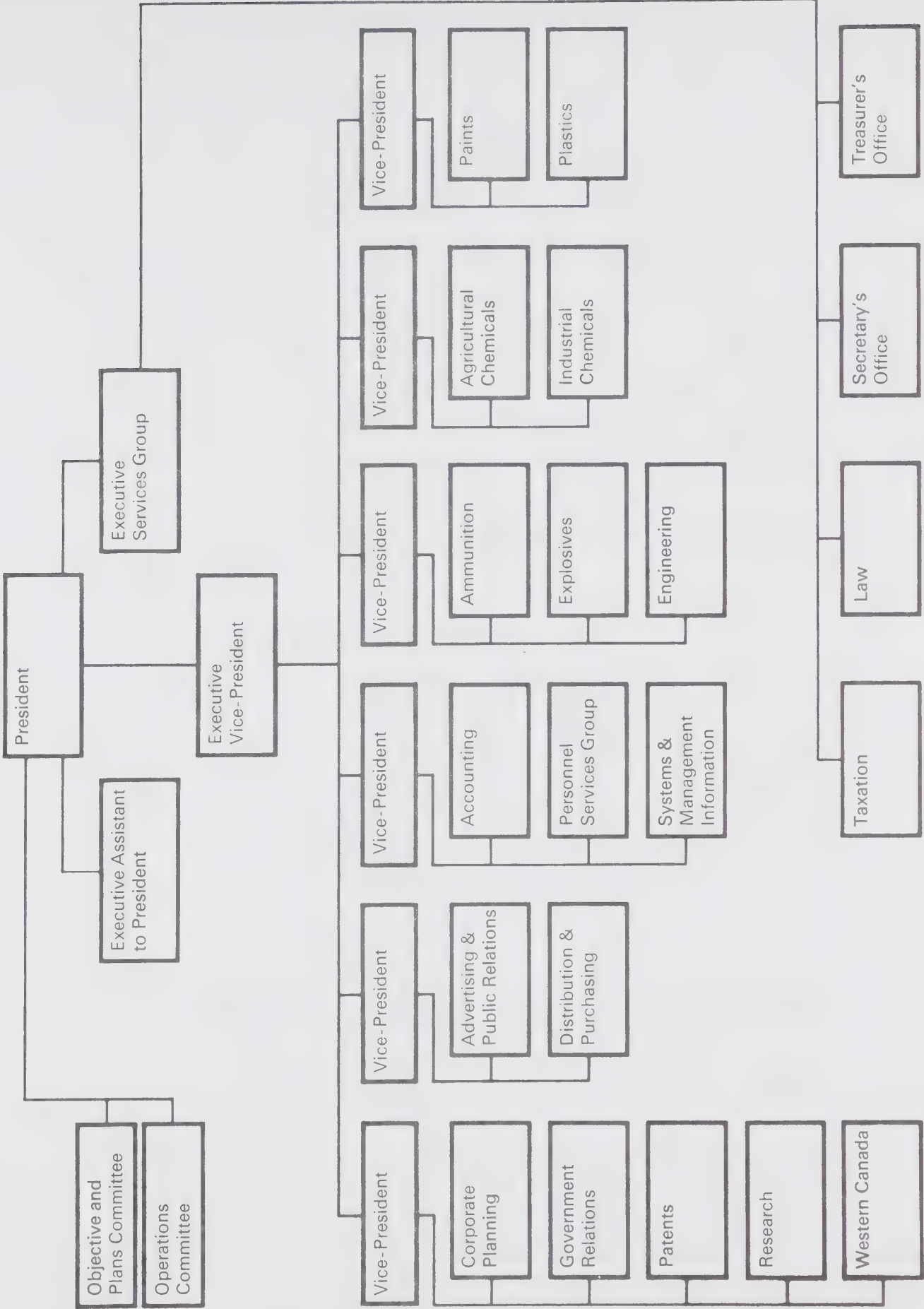
<b>Consumer-Oriented Products</b>	<b>\$ Million</b>	<b>% of Total</b>
Pharmaceuticals and Medicines	398	15
Soaps and Cleaning Compounds	251	10
Paint and Varnish *	241	9
Toilet Preparations	145	6
	1,035	40
<b>Industrial-Type Products</b>		
Industrial Chemicals *	897	34
Plastics and Synthetic Resins *	194	7
Mixed Fertilizers *	89	3
Miscellaneous (Including Explosives* and Ammunition)	416	16
	1,596	60
<b>Industry Total</b>	<b>2,631</b>	<b>100</b>

\*Where CIL production is concentrated.





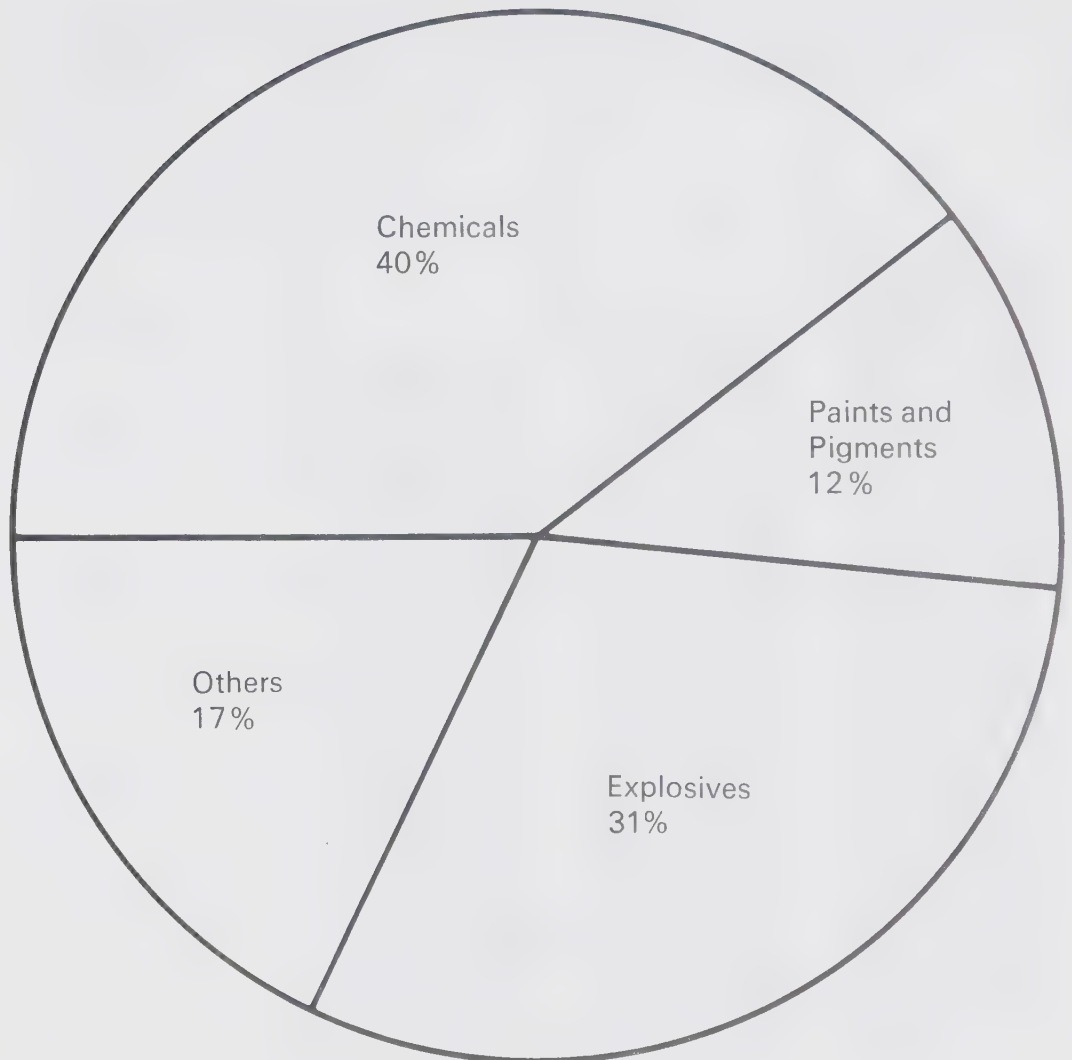
Chart No. 2  
CIL Organization Chart





**Chart No. 3**  
**Sales by Major Business Areas 1971**

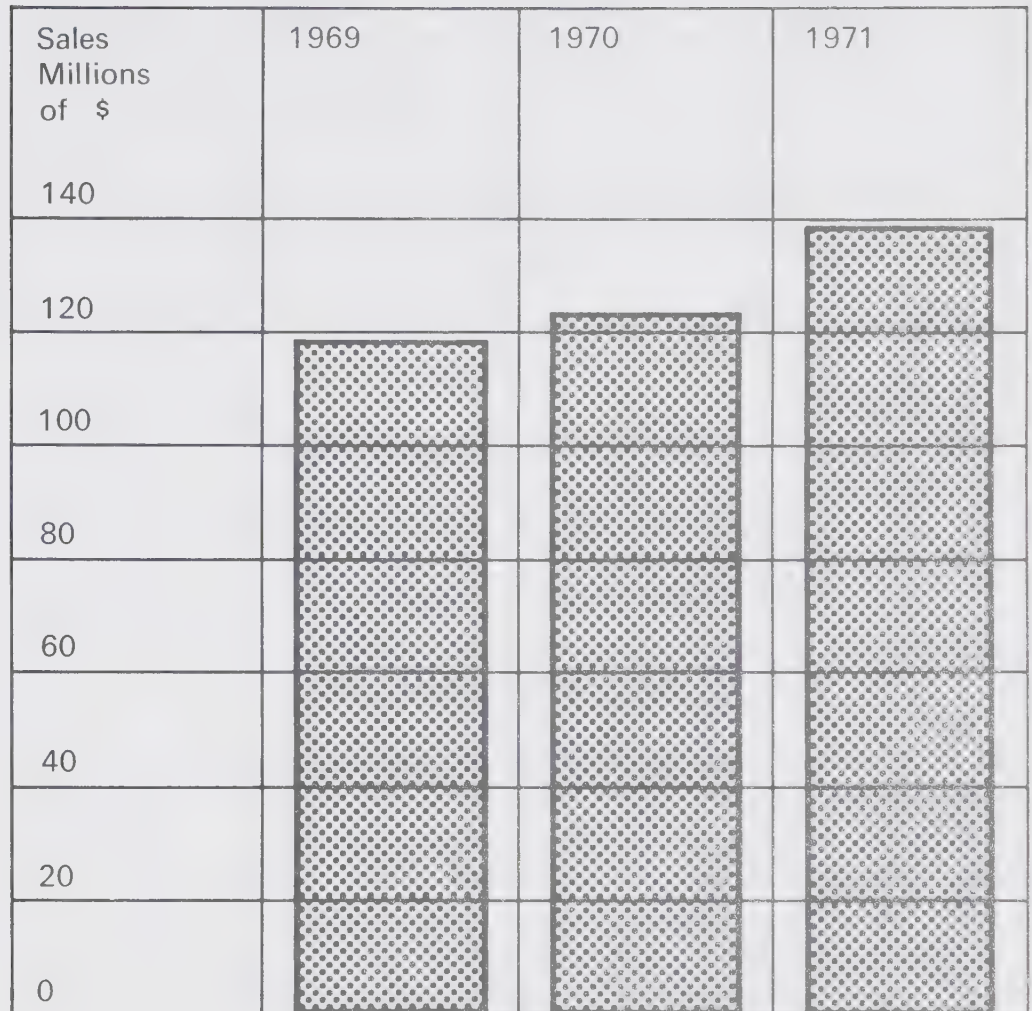
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**Chart No. 4**  
**Chemicals Business Area**




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CIL Internal Divisions

Agricultural Chemicals  
Industrial Chemicals

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Selected Subsidiary &  
Associated Companies

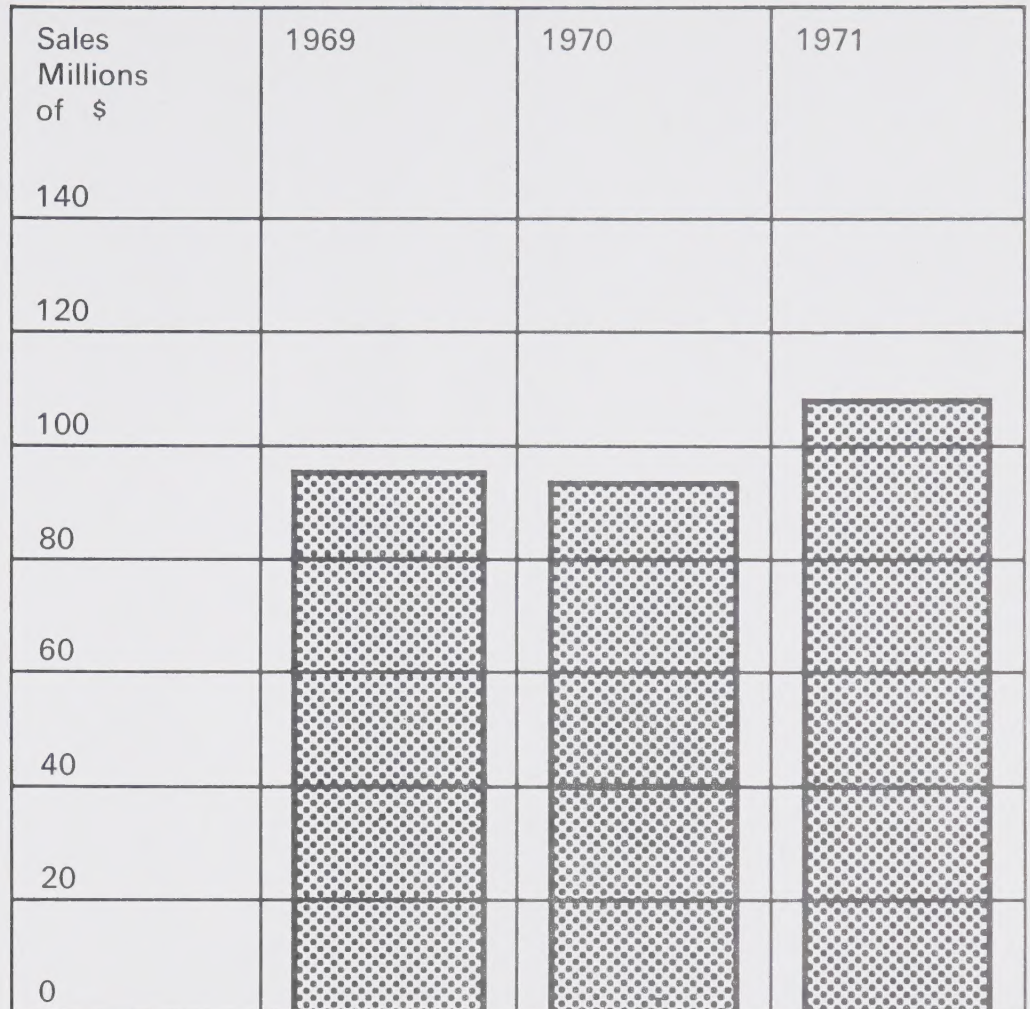
Chipman Chemicals Limited  
Alchem Limited  
Canadian Hanson Limited  
Cornwall Chemicals Limited  
Chemetics International Limited

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## Chart No. 5

### Explosives Business Area




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CIL Internal Divisions

Ammunition  
Explosives

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Selected Subsidiary &  
Associated Companies

Canadian Safety Fuse  
Company Limited  
CIL Ammunition Inc.  
West African Explosives &  
Chemicals Limited  
Jarvis Clark Company Limited  
McPhar Geophysics Limited

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